Weekend FT

Inside section II

The easy way to talk to Bill Clinton Page I

Waiting for boom-time in Nicaragua Page XXIII

Fashion for all seasons 8-page supplement

Computer alliances

One week closer to tomorrow's world Page 8

FINANCIAL TIMES

Europe's Business Newspaper — WEEKEND MARCH 26/MARCH 27 1994 — D8523A

British soldiers rescued from Malaysian jungle

Five soldiers, two from the UK and three from Hong Kong, were found alive after being lost for four weeks in jungle on Mount Kinabalu in Malaysia. Two were airlifted to hospital in Kota Kinabalu and the others will be brought out today. All were described as weak, but unharmed.

The rescue prompted hopes of a thaw in Britain's frosty relations with Kuala Lumpur as UK prime minister John Major wrote to Malaysian premier Mahathir Mohamad expressing "warm personal thanks" for the rescue, which involved more than 300 Malaysian troops and rangers as well as RAF mountain rescue specialists. Page 6

French students protest at wages move: Thousands of French students demonstrated against the government's decision to allow employers to pay less than the minimum wage to young workers in return for on-the-job training. Page 2; Work, protest and affray, Page 9

Last US troops leave Somalia: US troops completed their withdrawal from Somalia, leaving an emasculated UN force in charge of the country. Page 3

Synagogue firebombed: Unidentified arsonists hurled two Molotov cocktails into a synagogue in the north German port of Lübeck, destroying a meeting room. City officials said it was the first arson attack against a German synagogue since 1938.

US to send more weapons to S Korea: The US plans to place more weapons in South Korea as a precaution against an attack by North Korea, defence secretary William Perry said. Rationed and restless, Page 9

Société Générale bucked the downturn in the French banking industry and reported annual net profits up 10.5 per cent to FFr3.61bn ($612m) from FFr3.28bn. Page 11

Broken Hill Proprietary, Australia's largest industrial company, reported third-quarter after-tax profits of A$284.2m (US$203m), lifted from A$225.9m by an improvement in the company's steel division and a record result from mineral interests. Page 11

Ivory Coast's debt cut: The Paris Club of official creditor nations agreed a debt reduction and rescheduling package to cut Ivory Coast's $15.4bn external debt by at least $2.5bn. Page 3

BA offers fare cuts: British Airways announced a package of bargain fares in an attempt to attract more leisure travellers. Page 5

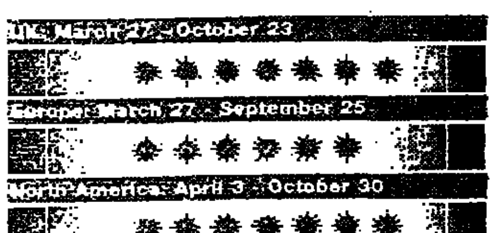
Police seek buyers of Queen's bowl: Police are seeking a couple who bought a silver filigree rose bowl from an antique dealer in the south of England for £3,000, ($4,400) unaware that it had been stolen from Buckingham Palace.

Poverty affects 20% of rural families: An influx of wealthy people has cast a "cloak of prosperity" over the English countryside which hides poverty, inequality and isolation faced by at least a fifth of rural households, a study shows. Page 6

Braer captain escapes action: The master of the Braer oil tanker, which was wrecked off Shetland in January last year, is not to be prosecuted. He was criticised in a report by the Department of Transport marine accident investigation branch. Page 5

Landseer fetches £793,500: Auctioneers Christie's sold a painting of a Scottish stag by Sir Edwin Landseer for more than £793,500 ($1,158,000) in London, a record price for the artist.

Spring forward to summer time: Clocks in the British Isles and continental Europe go forward by one hour at 2am tomorrow. Below is a guide to summer time in Europe and daylight saving time, where it is observed, in North America. Picture, Page 5



■ STOCK MARKET INDICES		
FT-SE 100	3129.0	(+7.3)
Yield	3.88	
FT-SE Eurotrack 100	1412.49	(-12.92)
FT-SE-A All-Share	1581.24	(-0.0%)
Nikkei	19,836.48	(-201.42)
New York lunchtime:		
Dow Jones Ind Ave	3815.33	(-6.25)
S&P Composite	464.64	(+0.29)
■ US LUNCHTIME RATES		
Federal Funds:	3½%	
3-mo Treas Bills: Yld	3.549%	
Long Bond	91$\frac{1}{32}$	
Yield	6.965%	
■ LONDON MONEY		
3-mo Interbank	5⅛%	(5¼%)
Liffe long gilt future:	Mar 106$\frac{13}{32}$	(Mar106)
■ NORTH SEA OIL (Argus)		
Brent 15-day (May)	$13.91	(13.77)
■ Gold		
New York Comex (Apr)	$391.0	(391.9)
London	$389.40	(387.2)

■ STERLING		
New York lunchtime:		
$	1.49785	
London:		
$	1.4975	(1.493)
DM	2.4978	(2.4971)
FFr	8.5598	(8.5489)
SFr	2.1239	(2.1235)
Y	156.836	(158.669)
£ Index	80.2	(80.3)
■ DOLLAR		
New York lunchtime:		
DM	1.66705	
FFr	5.7160	
SFr	1.41835	
Y	104.785	
London:		
DM	1.668	(1.6726)
FFr	5.7163	(5.726)
SFr	1.4184	(1.4223)
Y	104.735	(105.275)
$ Index	65.8	(66.2)
Tokyo close Y 105.17		

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Foreign secretary signals Britain may compromise over votes crisis

Hurd hits out at Eurosceptics

By Philip Stephens, Political Editor

Mr Douglas Hurd, the foreign secretary, last night acted to roll back the recent tide of Euroscepticism in the Conservative party by strongly re-affirming the government's fundamental commitment to the European Union.

. In a speech reasserting his own political authority in the cabinet, Mr Hurd publicly derided those who thought Britain could turn its back on Europe.

The comments contrasted sharply with the anti-Brussels remarks earlier this week of Mr John Major, the prime minister. Mr Hurd's speech to Tory activists at the party's spring conference in Plymouth, left the impression he was delivering an implicit warning to the prime minister not to cede ground to the party's right-wing Eurosceptics. Later in the day, the foreign secretary coupled his strong words with a clear signal that Britain is ready to compromise on the voting rights issue as long as its European partners give ground.

As he flew to a meeting of EU foreign ministers in Greece last night, he said the dispute would sooner or later be resolved: "At the end of the day there is agreement. That's the way the Community works. That's the way it will work this time".

Mr Hurd's Plymouth speech appeared to deliver a thinly veiled rebuke to those in the cabinet who have turned the present votes row between Britain and its partners into a broader onslaught against the European Union.

The traditionally sceptical tone of right-wing cabinet ministers like Mr Michael Portillo and Mr Peter Lilley has more recently been echoed by similar sentiments from Mr Kenneth Clarke and Mr Michael Heseltine – both

Ashdown warns on EU reforms .... Page 4

self-avowed pro-Europeans but also potential successors to Mr Major in any leadership contest.

But the foreign secretary told Conservative workers to call a halt to the "lunatic" discussion of whether they were pro- or anti-European. Instead they had to understand the central message: "The future of Britain rests in Europe".

Mr Hurd's untypically tough language in Plymouth appeared to reflect his growing frustration at the way in which the dispute over majority voting once the Union is enlarged next year has shifted the centre of gravity among Tory MPs towards the Eurosceptics.

He insisted he was as determined as anyone to fight for Britain's interests in Europe but the Conservatives must reject a "sour, defensive attitude which concentrates exclusively on the negative things about the European Union".

Speaking after his address, Mr Hurd said the cabinet had agreed on Thursday that it must fight a positive, pro-European campaign in the critical elections to the Strasbourg parliament on June 9.

Mr Major, who is to address the closing session of the Plymouth conference later today, is now expected to tone down attacks on Brussels. He will be joined on the platform by both Mr Heseltine and Mr Clarke.

It also emerged yesterday that the cabinet agreed this week that all future ministerial pronouncements on Europe must in future be cleared through 10 Downing Street in order to minimise the appearance of divisions. Mr Hurd told his colleagues on Thursday of the need to maintain a positive and consistent line if the Conservatives are not to suffer heavy losses in the June Euro-elections.

The foreign secretary offered a detailed assessment of the economic and security realities which meant that Britain could not detach itself from Europe. He concluded: "Unless we can lift our sights we shall put at risk Britain's position."

Mr Hurd stressed that this did not mean that Britain could not argue its case strongly in Europe.

Clinton steps up attack on cigarette industry

By George Graham in Washington

The Clinton administration yesterday launched a ferocious two-pronged assault on the cigarette industry, already reeling from a wave of anti-smoking measures.

As the labour department announced plans to ban smoking from the workplace, federal health officials launched an attempt to regulate nicotine as an addictive drug.

Regulations proposed yesterday by Mr Robert Reich, the labour secretary, would in effect ban smoking from all workplaces, including rest areas, except in enclosed areas with direct ventilation to the outside.

The proposed rules, which could come into force in months, would stop smoking in bars and restaurants because no-one could be required to work in an area where smoking was permitted.

Complying with the proposed rules could cost businesses $8.1bn (£5.5bn) in the first year and $6.6bn a year thereafter. But Mr Reich said this would be outweighed by a $15bn a year improvement in worker productivity. The move follows new evidence of the damage caused by passive smoking.

Dr David Kessler, head of the government Food and Drug Administration, yesterday presented a strong case to the House of Representatives health committee for regulating nicotine as an addictive drug – a move that could lead to the withdrawal of nicotine-containing cigarettes.

Dr Kessler said he was seeking guidance from Congress because of the potential consequences of banning nicotine in cigarettes, including the possible development of a black market.

Nicotine "meets all the criteria of an addictive substance", Dr Kessler told a House of Representatives health committee yesterday, citing studies showing that laboratory rats would administer doses of nicotine to themselves.

He also contested cigarette manufacturers' claims that the level of nicotine in their products was simply a by-product of their

Continued on Page 24

OECD boost as Mexico edges toward stability

By Damian Fraser in Mexico City

Mexico was recovering yesterday from the initial financial turbulence caused by the assassination of Luis Donaldo Colosio, as a likely successor emerged to be the presidential candidate of the ruling Institutional Revolutionary party (PRI).

Markets were reassured by the emergence of Mr Ernesto Zedillo, a former budget minister, as the strong favourite to become the party's presidential candidate and the likely successor to President Carlos Salinas.

Investor confidence was also boosted by the government's announcement that Mexico will be formally accepted on April 14 as a member of the Organisation for Economic Co-operation and Development, the first new entry since 1973. The US Treasury had helped to restore calm by agreeing to lend up to $6bn (£4bn) to Mexico in the event of a run on the currency. In the morning, financial markets were relatively stable. The exchange rate weakened a little to 3.35 pesos to the dollar, after opening at 3.33.

The principal stockmarket index was down 1 per cent just after noon on the first day of trading since the assassination, but this was mainly in response to sharp falls in New York on Thursday.

Traders also reported a recovery in Mexican "Brady bonds", issued in 1990 as part of the country's debt restructuring.

A PRI official familiar with deliberations over the candidacy said a decision would probably be taken the week after next.

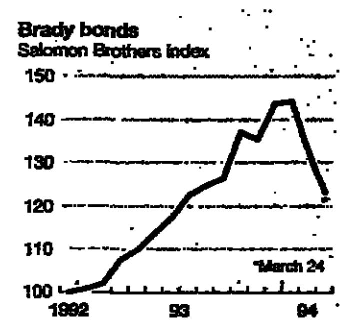
Mr Zedillo, who was Mr Colosio's campaign manager, is not admired for his political skills, but has a doctorate in economics from Yale University and has worked at the central bank. He is expected to carry on the economic reforms of Mr Salinas.

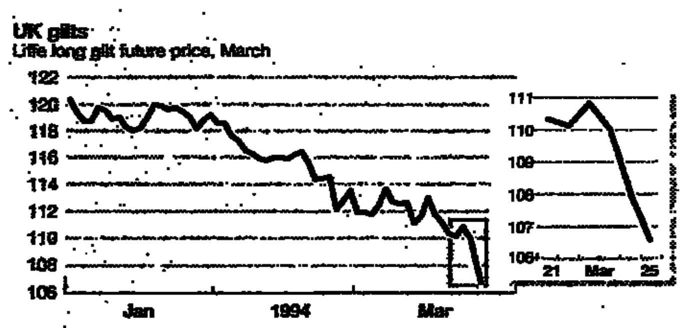
Mexico's constitution says presidential candidates cannot have held a senior government position for 180 days before the election. Unless the constitution was changed, which would be difficult, there are few serious contenders other than Mr Zedillo.

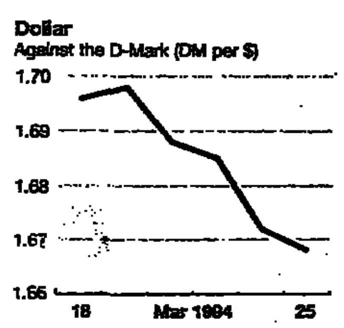
One other candidate mentioned is Mr Fernando Ortiz Arana, the PRI president, but he has little experience in government. Another possible contender, Mr Manuel Camacho, the peace envoy in the troubled southern state of Chiapas, has ruled himself out of contention.

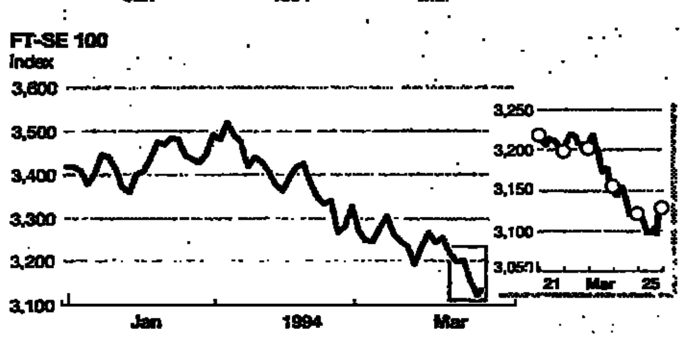
Mr Colosio was buried yesterday in his home town of Magdalena de Kino, in the northern state of Sonora. The man who has confessed to killing him, Mr Mario Aburto Martinez, was yesterday taken to the capital from the border city of Tijuana, where the assassination took place.

Emerging markets, Weekend III









Source: FT Graphite/Salomon Bros/Reuters

Falling gilts point to higher rates

UK government bonds continued their steep decline yesterday as fears of rising interest rates intensified. Mr George Magnus, chief international economist at SG Warburg, said the gilt market was discounting base rates of 6 per cent by the end of 1994 and 7½ per cent by the end of 1995. The rate is now 5¼ per cent.

Most of the activity was in the futures market where the June contract of the long gilt future fell as low as 105¼, but it recovered in late trading to stand just under 1 point down at 106$\frac{1}{32}$.

The yield on long-dated gilts came close to 8 per cent at one point yesterday.

The FT-SE 100 index, meanwhile, recouped an early loss of 33 points to close 7.3 points higher at 3,129. Continental bourses also recovered part of their early losses.

The dollar and sterling came under heavy selling pressure in London, but finished above their worst. The US currency closed at DM1.668, off a low of DM1.6595, but down from Thursday's close of DM1.6726. The pound recovered from a low of DM2.4880 to finish the day at DM2.4978, slightly above Thursday's close of DM2.4971.

Currencies, Page 13
London shares, Page 15
World stock markets, Page 21
Lex, Page 24

Everyone a runner-up in win a holiday 'contests'

By Michael Skapinker, Leisure Industries Correspondent

Win a free holiday in the US! The promise of that prize in competitions promoted at travel fairs and on railway platforms found many willing takers across the UK in recent years.

Entrants were later delighted to receive telephone calls saying that while they had not won the US holiday, they were runners-up and had won a Caribbean cruise.

The problem was, *everyone* who entered a competition – apart from the winner – was declared a runner-up, and going on the cruise involved paying for a variety of additional services, according to Mr Christopher Roan, Cambridgeshire's assistant chief trading standards officer.

Yesterday, Sir Bryan Carsberg, director-general of fair trading, said he had started legal proceedings against the company concerned – Inter-Club Travel of Cambridge.

Sir Bryan said 46 county court judgments against Inter-Club had been brought to his attention. The judgments resulted in damages of more than £16,000 being paid to consumers.

He said the company had told him the judgments were awarded because it did not defend itself. He said, however, that the judgments indicated the company acted in a way that was detrimental to consumers' interests.

Sir Bryan said: "We have used our best endeavours, without success, to get assurances from Inter-Club Travel and its officers about their future behaviour. Legal action has become necessary."

Inter-Club had also been convicted on four occasions in 1992 and 1993 of offences under the Consumer Protection Act, relating to misleading price information. It had been fined a total of £8,200.

Legal proceedings are to be taken against the company and two of its officers, Mr Theodor Thomson and Mr William Wood, and Mr Ajit Kumar Patel, a former officer.

The Association of British Travel Agents said it had received repeated complaints about Inter-Club, even though it was not an Abta member. The complaints concerned press advertisements offering holidays in Florida and the Bahamas for £99.50.

Consumers who tried to take up the offer were asked for extra payments which brought the total cost of the holiday to £1,000 or more, Abta said.

Mr Roan said Inter-Club had gone into liquidation earlier this month but was now trading under another name. Inter-Club could not be contacted.

CONTENTS

Austria Sch32; Bahrain Din1.250; Bermuda $1.65; Belgium BFr65; Canada C$1.40; China RMB24; Cyprus C£1.10; Czech Rep CZK50; Denmark DKr16.00; Egypt E£5.00; Finland Fmk14; France FFr9.00; Germany DM3.50; Greece Dr350; Hong Kong HK$18; Hungary Ft165; Iceland IKR215; India Rup00; Indonesia Rp4,050; Israel NS8.90; Italy L3000; Japan Y500; Jordan JD1.50; Korea Won 3000; Kuwait Fils.625; Lebanon $US1.50; Luxembourg LFr65; Malaysia Rm4.50; Malta Lm0.60; Morocco Dh15.00; Nigeria Naira40.00; Netherlands Fl4.00; Norway Nkr17.00; Oman OR1.50; Pakistan Rs40; Philippines Pso 50; Poland Zl 32,000; Portugal Esc225; Qatar QR13.00; S.Arabia Rls11.00; Singapore S$4.30; Slovak Rep KSL50; South Africa R12.00; Spain Pta225; Sri Lanka Rup30; Sweden SKr16.00; Switzerland SFr3.30; Taiwan NT$65; Thailand Bht50; Tunisia Din1.500; Turkey L13000; UAE Dh12.00; USA $1.25 (Alaska & Hawaii $1.75)

No 32,327 Week No 12 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Elf and Treuhand agree refinery deal

By Judy Dempsey in Berlin

Eastern Germany's largest investment project was yesterday saved from collapse when the Treuhand privatisation agency and Elf Aquitaine, the French oil company, forged a compromise on the construction of the region's most modern refinery.

The compromise paves the way for a potentially viable chemical sector in eastern Germany.

Had the Leuna oil refinery project collapsed, Buna, the nearby chemical and olefin complex and a big buyer of refinery products, would have been denied local supplies.

In 1992, Elf agreed with the Treuhand that it would rebuild the Leuna refinery in a joint project with Thyssen Handelsunion, a subsidiary of the German steel group. It agreed to take a 67 per cent stake in the DM4.5bn (£1.75bn) project known as Leuna 2000.

In January this year, Elf said it wanted to cut its stake to 35 per cent as part of a general cost-cutting strategy. However, under the terms of yesterday's compromise, Elf will reduce its stake by a third.

The company's board is expected to endorse the deal when its meets in Paris on Monday.

Rosneft, the state-owned Russian oil company, will join the Leuna consortium by taking up Elf's surrendered 24 per cent share. The stake will be paid for with crude oil deliveries.

As part of the price for cutting its stake, Elf will give up a third of its 500 petrol stations in eastern Germany.

Access to the region's petrol stations was the driving force behind Elf's decision to invest in eastern Germany in the first place.

French President François Mitterrand had interceded on Elf's behalf, while the Treuhand linked the company's entrée into eastern Germany with investment in the Leuna oil refinery, which is in the state of Saxony Anhalt.

The Treuhand said yesterday that it would "definitely not" be selling off the lucrative petrol stations, in spite of enormous interest by Shell, and Aral, the petrol distribution arm of Veba, Germany's large electricity conglomerate.

Instead, the agency will allocate the stations to Buna, still under the Treuhand, in a move designed to make the chemical complex an attractive privatisation project. Thyssen Handelsunion and RAO Gazprom, the state-owned Russian gas company, earlier this week signed a letter of intent to negotiate a stake exceeding 25 per cent but less than 50 per cent in Buna.

Buna's privatisation prospects will be further boosted if Thyssen decides to shed its 33 per cent stake in Leuna after construction. The stake, which would have passed to Elf, will be passed on to Buna.

Bundesbank warning on derivatives

By Christopher Parkes in Frankfurt

The Bundesbank cannot simply ignore recent explosive growth in its M3 money supply measure, nor can it count on continuing falls in import prices to reduce inflation, Mr Hans Tietemeyer, Bundesbank president, said yesterday, writes Christopher Parkes. Ruling out "hasty" reductions in interest rates, he told a meeting in Frankfurt the central bank had to keep a close watch on price developments. Basic trends suggested further easing in price pressure in the coming months, and February's M3 data, released earlier this week, showed a slight slowing in monetary growth compared with January. But growth at an annual rate of 17.6 per cent, compared with the bank's 4-6 per cent target range, could signal inflation, Mr Tietmeyer said. A February inflation rate of 3.4 per cent, which he compared with France's 1.8 per cent, was still clearly too high.

The Bundesbank yesterday issued a forceful public warning on the mounting risks presented by the proliferation of financial derivatives trading in global markets.

Financial institutions' should take care to install controls to ensure they had a realistic picture of the dangers faced, Mr Edgar Meister, a central bank director told a Frankfurt conference.

The difficulties of some managers in understanding the activities of the analysts and mathematicians, "today's sorcerer's apprentices", in their trading departments was a serious problem, he said.

Mr Meister warned that no institution should consider entering the derivatives business unless it was staffed by people with the necessary know-how , competent supervisors and high-performance computer and software systems.

The trend towards ever more complex "hybrid" products, linking different derivative instruments, made risk assessment ever more difficult, he said.

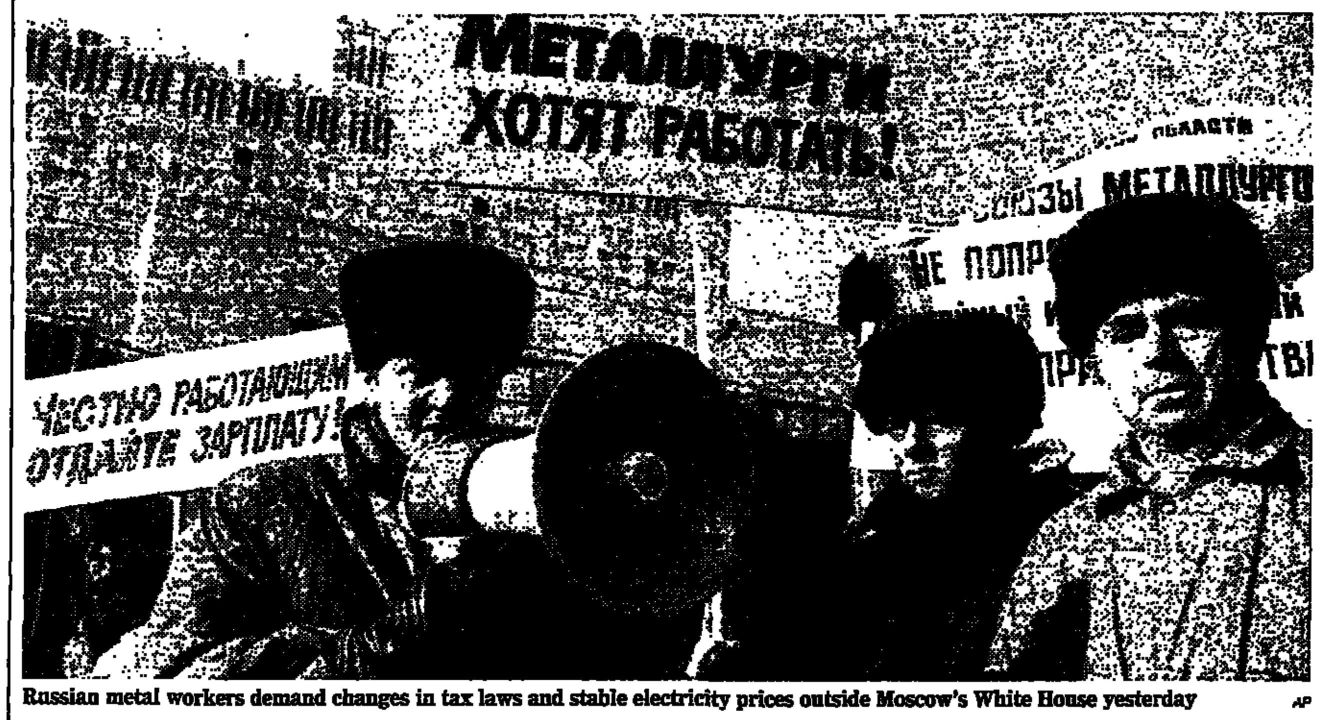
Non-bank newcomers to the business, operating outside the scope of banking supervision, presented a special problem, and more information was needed on them and their activities, he said.

"Statements to the effect that nothing has happened yet or that there is no need for additional regulation are just as unhelpful as horror scenarios such as the often-used picture of young people using their computers to construct a hydrogen bomb for the financial world," he said.

Mr Meister suggested that the dangers were often played down with claims that only the big banks were active and they had the risks firmly under control: "I cannot accept this attitude and behave as though only good guys were involved." In Germany itself, where regulation was relatively tight, derivatives trading had reached a scale where it almost equalled the banking sector's entire business volume, he said.

In response, the Bundesbank is discussing in detail the extent to which its statutory obligation to maintain monetary stability was being hampered by this business.

Together with the federal supervisory authorities it was reviewing the effectiveness of current minimum requirements for derivatives trading and how the maintenance of these standards could be supervised, he added.



Russian metal workers demand changes in tax laws and stable electricity prices outside Moscow's White House yesterday AP

A tractor driver from Harvard

By Leyla Boulton in Vladimir

The success of a Harvard Business School graduate in seizing control of an ailing Russian tractor plant this week provides a cautionary tale to communist-era managers who are trying to rescue plants with old-style methods doomed to failure.

Mr Iosif Bakaleinnik, 42, was elected chief executive officer of the Vladimir Tractor Plant on Thursday, just nine months after Mr Anatoly Grishin, the plant's manager for 16 years, blocked his first takeover attempt. The 60-year-old Mr Grishin convinced the majority of shareholders that his rival had "neither the moral right nor the qualifications" to run the plant.

But Mr Grishin was forced to quit in January after he tried to keep the plant going by taking out expensive bank loans to pay wages while delivering goods free of charge to his connections – insolvent enterprises that promised to pay him later but never did.

Mr Bakaleinnik, who is still officially employed by the International Finance Corporation, the World Bank's private development arm, was at pains to explain to a suspicious workforce why he was embracing a $300-a-month salary to try to turn round a company which has been standing idle for the best part of four months. "It's like climbing the Himalayas. You go up and if you're lucky you come down." But he has already asked the IFC to keep a job open for him in Washington should he fail.

The plight of the Vladimir Tractor Plant is typical of many Russian plants whose problems in a depressed economy have been compounded by gross mismanagement.

With his western know-how and connections, as well as his plans for overhauling the company's financial and marketing strategy, Mr Bakaleinnik is seen, in the words of the plant's acting chief engineer, as a last chance to "save the company and the workers who survive in it".

Mr Grishin's deputy until he went off to Harvard on a government scholarship, Mr Bakaleinnik ensured his boardroom victory by marshalling the support of the Russian government and institutional investors, who now hold 54 per cent of the company.

His main backer is Renova, a US-Russian joint venture which spent $1m acquiring a 17 per cent stake and has given Mr Bakaleinnik an option on a significant stake in the plant if he manages to bring it back to health.

Mr Bakaleinnik will now try to raise the Rbs20bn-Rbs25bn ($11m-$14m) which he says the company needs this year to complete a long-delayed modernisation and restructuring programme, which has begun with efforts to cut the workforce from 14,500 to 10,500.

He will also look for a strategic partner abroad, but first wants to build a wholly-controlled dealer network for the plant so that when "John Deere [the US agricultural equipment company] comes to the Russian market they have to come to us".

The company's bright spot is its hard-currency export market, which accounts for 14 per cent of its output.

But Mr Bakaleinnik says that the flourishing of a domestic market will paradoxically depend on the ability of the country's conservative agrarian lobby – which opposes the radical reforms that made the plant's privatisation possible in the first place – to extract extra farming subsidies for peasants to buy his tractors.

Ministers to renew battle on EU votes

By Lionel Barber in Ioannioa and Philip Stephens in Plymouth

European foreign ministers will today try to break the stalemate over voting rights in the European Union, but there seems little prospect of a deal.

Hopes rest on Britain and Spain offering "a goodwill gesture" which would avoid a breakdown in negotiations and coax their 10 EU partners into reciprocal movement at the two-day meeting at Ioannioa, Greece.

"I don't think people are ready psychologically for a deal," a senior EU official said yesterday. The best outcome was likely to be an informal understanding offering the prospect of a settlement before Easter, possibly at a fifth meeting of the EU foreign ministers in Brussels on Tuesday.

Britain and Spain are insisting on maintaining voting rules allowing two large Union member states and one small country to block decisions in the Council of Ministers. The impasse risks delaying the admission of Finland, Sweden, Austria and Norway into the Union next year.

The rotating Greek presidency of the EU, backed by Germany, remains adamant that the Anglo-Spanish axis must accept an increase in the so-called blocking minority to take account of the four new members. Hopes of a compromise rest on a trade-off in which the UK and Spain concede that the blocking minority must rise from 23 to 27 votes. In return, countries mustering between 23 and 27 votes would obtain an automatic right to delay decisions for at least two months.

Britain is pressing for a legally binding protocol allowing it to delay decisions on contentious matters such as social policy. But senior EU officials said a commitment was "out of the question" because it would be rejected by the European Parliament, which must ratify the accession treaties.

Mr Douglas Hurd, UK foreign secretary, raised hopes of an eventual deal with an explicit declaration yesterday that he was prepared to reach a compromise on the issue. "We are flexible. We are willing to accommodate. But others have to be so also," he said.

Mr Hurd said the UK cabinet had allowed him "some flexibility" to strike a deal, but he was uncertain whether an agreement would be reached at the weekend talks.

The voting rights row will dominate the two days of informal talks, with little time to address pressing matters such as instability in the Ukraine and Algeria and prospects for a peace settlement in former Yugoslavia.

Exports of toxic waste to be banned

By Frances Williams in Geneva

All exports of hazardous wastes from rich countries to poor ones will be outlawed from the end of 1997, the 64 members of the United Nations toxic waste convention decided yesterday. Exports of toxic waste destined for final disposal rather than recycling will be prohibited immediately.

The ban was greeted with jubilation by environmental groups and developing countries which have waged a vigorous campaign to halt toxic waste dumping in the third world and, increasingly, in eastern Europe.

Greenpeace hailed the decision, which was taken by consensus, as "a striking victory for global environmental justice". Mr Chris Lamb, who chaired the week-long conference of the parties to the Basle convention on transboundary movement of hazardous wastes, said the international community had taken "an historic step".

The turning point came on Thursday when European Union ministers in Brussels decided to support the ban from end-1997. This brought into line two strong opponents of an outright prohibition, Britain and Germany, the world's biggest toxic waste exporter.

Other dissenters, Australia, Canada and Japan, were then isolated. The United States, which also opposes a ban, is not a member of the convention and is not bound by yesterday's decision.

According to the UN Environment Programme, over 400m tonnes of hazardous wastes are produced each year, 98 per cent of this by the industrialised countries. OECD nations export 10-12m tonnes of toxic waste each year to the third world.

The Basle convention, which came into force in May 1992, regulates transboundary movement and disposal of toxic wastes.

● A committee of the 1975 UN convention on international trade in endangered species (Cites) has decided not to recommend trade sanctions against China, Taiwan, Hong Kong and South Korea, despite evidence that continued use of tiger bone and rhino horn for traditional medicines is bringing the protected species close to extinction.

EU steel deal a camouflage, say officials

By Gillian Tett in Brussels, Michael Lindemann in Bonn, and Andrew Baxter in London

They are too polite to use the fudge word. But as officials in Brussels yesterday digested this week's surprise agreement forged between steelmakers and Mr Martin Bangemann, EU industry commissioner, the mood in some quarters was bitter.

Although Mr Bangemann's entourage insists it is delighted that the industry has apparently met the European Commission's demands for further steel reductions, in private officials admit the deal may have been little more than a face-saving camouflage.

"All that has happened is that the problem has been put off for another year or two – nothing has really been agreed at all," commented one Commission official.

From the perspective of some member states, at least, such an analysis may seem too harsh.

Mr Bangemann's aides point out that his meeting on Wednesday with chiefs of the big steel producers marked a significant shift in the negotiating climate. In place of the political posturing which has dogged recent negotiations, both sides are proclaiming a new climate of "understanding". This involves agreement to aim for cuts totalling some 19m tonnes in capacity, in exchange for extending the deadline for a restructuring plan until November.

Furthermore, the steel industry's offer of a moratorium on state aid until November has been welcomed by the Commission and member states, particularly in the UK which has recently stepped up its demands that the Commission take a tougher line on state aid. But with the details of the plan remaining to be decided, some Commission officials fear that the extension of the deadline will give the industry more scope to evade the cuts.

The steel market is expected to pick up in the summer, partly on the back of a recovery in the motor industry, so further cuts are likely to be even less palatable to the steel sector. These fears have been fuelled by continuing ambiguities in the new "understanding", including the source of the extra reductions.

Although the Commission says the final figure has been boosted by 6m tonnes-worth of cuts in the Italian private sector and 2m tonnes-worth through private sector mergers, most probably in Germany, in practice these figures appear to involve little more than a juggling of earlier offers.

There is also a question over the degree of industry support for the deal.

British Steel, one of the most hawkish of the private sector producers, reacted cautiously to the deal as it did not attend Wednesday's meeting. But it said anything which led to subsidies being ended permanently would be welcomed.

The German steel federation was pleased that talks about capacity cuts had been extended and that an Ecu240m (£181.4m) aid package to help pay for redundancies had not been cancelled.

"The industry needs this. It is not over the worst yet," it said. But German producers were not likely to make any extra capacity cuts.

But Dr Rod Beddows, a London-based steel consultant, said that, following the controversial rescue of the Klöckner-Werke mill in Bremen, the Krupp Hoesch plant at Dortmund looked to be the most vulnerable among German flat product plants.

Crimea in time with Moscow

By Jill Barshay in Kiev

Ukraine's Crimea peninsula is marking this weekend's elections for Ukraine's first post-independence parliament by moving its clocks an hour ahead: to Moscow time.

It will also be holding an opinion poll, banned by President Leonid Kravchuk last week as a referendum in disguise, asking citizens if they want dual-citizenship with Russia, equal status with Kiev and enhanced decree powers for the region's president.

Crimea is one of three Ukrainian regions holding outlawed plebiscites this weekend. Donetsk and Lugansk, in eastern Ukraine, will also be asking their citizens if they support regional autonomy and making Russian an official language. The polls will have immediate results and pose immediate problems for Kiev, since they could arm all three regions with a popular mandate to seek independence from Ukraine.

The outcome of the Ukrainian parliamentary election is likely to be far less clear and far less immediate.

At stake is whether the old Soviet establishment of red barons and bureaucrats is going to be removed.

Election rules require the winner to poll at least 51 per cent in each district, but with as many as 25 candidates in some districts, most races will go to a second round of voting on April 10 and results will not be known until mid-April.

Clashes in Paris as students protest over wage law

By David Buchan in Paris

Tens of thousands of students marched through Paris yesterday in a display of opposition to a youth wage law, which has become a thorn in the government's side.

More than 30,000 students were watched by some 2,500 police in riot gear and another 800 in plain clothes, after Mr Charles Pasqua, the interior minister, warned that any repetition of the looting on recent marches would be heavily punished.

"Looters must know that, given the cowardice it takes to hide behind kids, the police and judiciary will be merciless," he said.

However, several hundred demonstrators started throwing stones at police, who responded with a baton charge and tear gas. The march followed a night of clashes in Nantes, where a protest turned vicious when protesters hurled petrol bombs at police.

Several thousand students also demonstrated in Bordeaux and St Etienne yesterday against the government's move to allow employers the freedom to pay young workers less than the minimum wage provided they provide some training.

Students, backed by trade unions and left-wing politicians, have been calling for Prime Minister Edouard Balladur to withdraw completely his youth wage law, ever since it was published in decree form last month. Mr Balladur has modified it slightly to take account of complaints by graduates that their qualifications were being ignored in the pay provisions and also to tighten the definition of training under the law.

The prime minister now appears to be standing firm, with his interior and education ministers warning students to stay off the streets.

Work protest and affray, Page 9

An upstart in the heart of Bossi country

John Simkins on a Forza Italia candidate for the right in a Northern League stronghold

ITALIAN ELECTIONS March 27

Mr Raffaele Della Valle is careful not to say so, but as candidate in Monza for a four-party right-wing alliance in this weekend's Italian elections he is a cuckoo in the nest.

He belongs to Forza Italia which had a tough job convincing the populist Northern League to accept him as joint candidate. Monza, a town of 125,000 inhabitants on the northern edge of Milan province, has a League-dominated council and the party, led by Mr Umberto Bossi, has grown accustomed in its eight-year life to regarding it as home ground.

But an election victory for Mr Della Valle in this first-past-the post lower house seat matters greatly to Forza Italia, both within Lombardy, where Monza is the third largest town, and further afield. He would bring Mr Silvio Berlusconi's new party considerable prestige as a lawyer famous for the successful defence of the TV personality Enzo Tortara, who became Italy's *Dreyfus* of the 1980s when accused of involvement with drugs and the Camorra.

Mr Della Valle's chances are said to be strong but his candidature has thrown up problems for the right wing typical of much of the north. Mr Bossi's wild attacks on Forza Italia, which he regards as an upstart stealing League support, have created tension and Mr Della Valle cannot necessarily count on votes from the more radical League supporters. Moreover, the chairman of the local industrial association has come out in favour of the candidate of the centrist Pact for Italy.

Right-wing voters also have the option of the National Alliance, the former neo-fascists, which has a pact with Forza Italia in the south but not in the north where it is anathema to the League.

As both the League and Forza Italia have headquarters in Milan, they and the two smaller parties fighting alongside them expect widespread northern success. Indeed, in Milan and province Mr Roberto Cipriani, the Forza Italia co-ordinator, claims the alliance can take 29 of the 31 first-past-the post seats for the lower house.

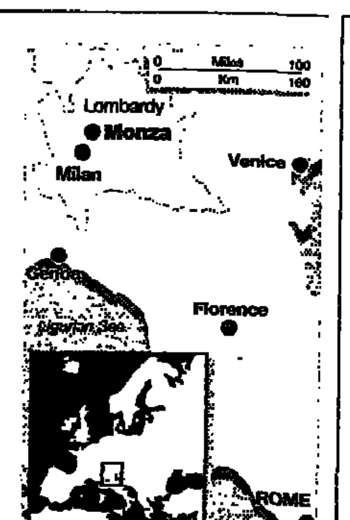
For Prof Guido Martinotti of Milan university's political science faculty the big question is whether Forza Italia backers will vote for League candidates. "That is what the other parties are capitalising on," he says.

As the senior partner in the allliance, League nominees make up the lion's share of candidates in Milan and province. But the knowledge that they are shored up by reluctant Forza Italia support would weaken the right if it entered government. The measure of support for each party will become apparent in the seats reserved for proportional representation, which parties fight under their own banners. These represent a quarter of all seats and, in Milan and province, total 10, on top of the 31 first-past-the-post seats.

Prof Giuseppe Maria Longoni, a historian who lives in Monza, detects falling support there for the League. "People thought problems would be sorted out but there has proved to be no magic potion," he says. Among these is the argument over how best to make use of the huge Villa Reale park, inside which is the Formula One racing car circuit. The League says the track is a vital Monza asset but the greens have opposed it.

Mr Della Valle's programme, based on making Monza and the neighbouring Brianza an autonomous province, and setting up a university at Monza, is certainly not one with which the Northern League would disagree. "I want to avoid the risk of Monza becoming absorbed as an outlying district of Milan," he says.

Like other Forza Italia candidates, his is not a new face as he used to be a councillor for the now defunct Liberal party.



What Forza Italia is counting on is that the owners of the small textiles and furniture businesses at Monza will find that his face inspires confidence in the party as a credible national force.

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Bill Clinton stays cool under press barrage

Media's teeth stick to Whitewater bit

By Jurek Martin in Washington

It was not as if it had been a quiet week. The likely next president of neighbouring Mexico had been assassinated; there had been coup rumours in Moscow; North Korea had threatened war on the South; the last US troops were leaving Somalia; the Fed had raised interest rates again; and budget and health bills had made progress in Congress. Worthy subjects all for a presidential press conference.

Not on Thursday night, though, and not to the White House press corps. It took a journalist – from Honduras of all places – asking the 16th question (about Mexico) of President Bill Clinton, to break the Whitewater litany.

It sometimes seems the capital's press – plus attendant politicians with their own motives – is alone in driving the Whitewater story. Polls show a public growing more concerned about it, but hardly surprising since that is what they are being fed. One survey found the evening TV news shows over the last two months had devoted three times as much airtime to Whitewater as crime and healthcare, which polls suggest the public does care about.

In many respects, Mr Clinton was at his resilient and rational best on Thursday night, ducking no questions, volunteering more information on his taxes and Whitewater losses and stoutly denying any wrongdoing. He displayed no animus – not to the media nor even to Jim Leach, the Republican Congressman from Iowa, whose afternoon onslaught on the House floor had set an uncomfortable stage.

He showed again that he is not to be messed with in one-on-one verbal jousting. One reporter tried to trap him with questions on his responsibilities towards, and relationship with, the federal agency in charge of cleaning up the savings and loan debacle of the 1980s. "I think the last thing in the world I should do is to talk to the Treasury Department about the RTC [Resolution Trust Corporation]," Mr Clinton cracked back. "You all have told me that that creates the appearance of impropriety ... you can't have it both ways." He got his only laugh of the evening.

Even his heaviest critics conceded that he had rendered an impressive performance: "Cool and confident," said the Los Angeles Times, "magnificent," said Jim Wooten of ABC News, "well armed," said the Washington Post, more grudgingly. Those who had half-expected a Nixonian "Checkers" speech were disappointed.

But far more serious was the sight of the White House press corps with the Whitewater bit between its collective teeth – Terry Hunt, AP bureau chief, Helen Thomas, UPI doyenne, Brit Hume from ABC, Andrea Mitchell of NBC.

They cannot let go now – and nor can their journalistic masters. For some there are Pulitzer prizes to be won, along with the recognition of their peers. Many of the younger breed, influenced by Watergate 20 years ago, seem persuaded that all public servants are only in it for the power and the money. Older hacks have their reservations, and write them up, but cannot stem the tide.

Some publications have motivations of their own. The leader writers of the Wall Street Journal see in Mr Clinton a counter-revolutionary force capable of wrecking Ronald Reagan's legacy.

They have allowed only three days this month to pass without savage editorial comment on the Clintons and their friends. Comparable assaults last year on Mr Vincent Foster, the deputy legal counsel in the White House, appear to have been a contributory factor to his suicide.

The New York Times, the best newspaper in the country by a city mile, has always had problems with smart southerners, Presidents Johnson and Carter, for example. Though much of its reporting has been careful and judicious, some of its Whitewater stories give the impression that Arkansas is a smelly object that has crawled out from under a prehistoric rock. A vast article last week, leading off with Mrs Clinton's profits as a commodities trader in the late 1970s and suggesting, without hard evidence, that the Clintons had been bought wholesale by the state's chicken industry, was a classic case in point.


Bill Clinton: at his resilient and rational best Reuter

The Washington Post has been spurred by suggestions that it has been out-reported on Whitewater by the Washington Times, the arch-conservative daily owned by a Korean evangelist, Rev Sun Myung Moon. But even one of the Post's most famous products, Carl Bernstein, of Watergate fame, confessed this week he was unimpressed by the quality of much Whitewater reporting. Some opinion polls point to public concern with the media's Whitewater obsession.

In this climate, Mr Clinton can only plug away, as he did on Thursday night. Even the upcoming Easter recess is unlikely to offer much relief.

US turns its back on Somali troubles

By Leslie Crawford, Africa Correspondent, and Reuter

US troops completed their withdrawal from Somalia yesterday, leaving an emasculated UN force in charge of a country blighted by cholera, hunger and banditry.

Virtually all that remains of Operation Restore Hope, launched 15 months ago and aimed at feeding starving Somalis, is an orphanage in north Mogadishu which bears its name.

"We are pleased with what we have done," said Gen Thomas Montgomery, the US force commander, shortly before boarding a helicopter that would take him to a flotilla of warships waiting offshore. "We know there are hundreds of thousands of Somalis alive because of what we did."

Ironically, the marine officer organising the departure was Colonel Matthew Broderick, whose company was the last to evacuate the US embassy in Saigon towards the end of the Vietnam war in 1975.

"This is an orderly withdrawal ordered by the State Department. Saigon was anything but an orderly withdrawal," he said.

US officials have been recalling the humanitarian success of the early days in Somalia, when US foreign policy had been elevated to philanthropy, to justify their disengagement from a troublesome country where no strategic interests are at stake.

A veil has been drawn over the failure of the US-led multinational peacekeeping force to disarm Somalia's warring clans.

The remaining UN peacekeepers, from African, Arab and Asian countries, have a limited mandate to protect food convoys and guard key installations, such as the port, airport and the heavily-fortified UN compound in Mogadishu. But the UN soldiers have not intervened to halt the growing number of skirmishes around these installations and looting is increasing.

Paris deal cuts Ivory Coast debt by $2.5bn

By Our Foreign Staff

The Paris Club of official creditor nations has agreed to a big debt reduction and rescheduling package that will reduce Ivory Coast's $15.4bn (£10.5bn) external debt by at least $2.5bn.

The agreement is seen as a significant step in long-running efforts to resolve Africa's crippling external debt crisis. Sub-Saharan African debt has almost doubled over the past decade and now stands at nearly $180bn.

Debt service payments are well beyond the capacity of the region and development agencies and African governments have been calling for a radical approach to the problem.

A potential beneficiary of the breakthrough in Paris is Nigeria, whose $34bn external debt could be reduced by several billion dollars if the same terms were applied. However, the Nigerian government has failed to renew a lapsed policy agreement with the International Monetary Fund.

The first stage of the agreement for the Ivory Coast applies only to the non-concessional official debt totalling $5bn, and the eventual benefit will be about half this amount. But it also provides for further bi-lateral agreements which, when concluded, will lead to further substantial debt reduction.

Ivory Coast is one of the world's most indebted countries in per capita terms.

The move, one of the most substantial debt deals offered by the Paris Club, follows an agreement on economic policy between the West African nation and the IMF.

The agreement, based on the so-called Trinidad terms of debt relief, is better than Ivory Coast might have expected. It is ranked as a middle-income country, while Trinidad terms are usually offered only to the poorest countries.

France, however, had promised at the time of the 50 per cent devaluation of the West African CFA franc in January to press for the best possible terms of debt relief for CFA zone countries, particularly middle-income countries.

Less than half the external debt is owed to official creditors represented by the Paris Club, according to the latest World Bank figures.

The French Economy Ministry said the Paris Club met on March 23 to discuss Ivory Coast's debt. The French Treasury acts as secretary to the club.

"[Paris Club members] welcomed the implementation, with the support of the International Monetary Fund, of an economic adjustment pro-

Nigeria, with external debts of $34bn, is a potential beneficiary

gramme and took note of the very weak per capita income in Ivory Coast and the very big cost of its debt, justifying, in this case, exceptional treatment in terms of debt restructuring," the ministry said.

The terms offer two options: a write-off of 50 per cent of the debt service obligations due on non-concessional loans and credits and consolidation of the rest of the debt at market rates over a 23-year period, with six years' grace.

Alternatively the creditors can consolidate the total debt owed at concessional interest rates over 23 years so as to reduce by 50 per cent the net present value of the payments due on non-concessional loans and credits.

The Trinidad terms were first proposed in September 1990 by Mr John Major, the British prime minister, but implementation has been slow, with the Japanese government having reservations about the terms offered.

☐ NEWS IN BRIEF

HK banks follow US and raise rates

Hong Kong yesterday succumbed to the recent rises in US interest rates and announced a 0.25 percentage point increase in bank base rates to 6.75 per cent, writes Simon Holberton in Hong Kong. The decision by Hongkong Bank and Standard Chartered Bank to raise rates ends the decline in borrowing costs which began in May 1991, when rates were cut to 9.5 per cent from 10.5 per cent.

The rise, effective from Monday, had been expected. Hong Kong's currency is fixed to the US dollar at a rate of HK$7.8 to the US unit; to maintain the link the colony needed to raise rates.

Walesa blocks finance posting

Poland's two-month search for a finance minister hit further delays yesterday when President Lech Walesa refused to accept Mr Dariusz Rosati for the post, writes Christopher Bobinski in Warsaw. Mr Rosati, an economist working for the UN in Geneva, had been proposed by the social democratic SLD, the larger of the two governing coalition parties. His name was grudgingly put to Mr Walesa for formal approval by Mr Waldemar Pawlak, the prime minister and the PSL farmers' party leader, yesterday after heavy pressure from the SLD, which was handed the finance portfolio in the coalition deal agreed between the two parties last autumn.

By blocking the candidature President Walesa is in effect backing Mr Pawlak, who is fighting to win more control over financial policies and has been unhappy with Mr Rosati.

Lawrence wins cabinet seat

Ms Carmen Lawrence, the former West Australian premier and a newcomer to Canberra politics, was yesterday given the health and human services portfolio and a seat in cabinet in the fourth reshuffle undertaken by Mr Paul Keating, Australia's prime minister, in as many months, writes Nikki Tait in Sydney.

The decision to combine human services with the health job means that Mr Brian Howe, the deputy prime minister, loses these responsibilities but becomes minister for housing and regional development – picking up the regional job from industry minister Peter Cook.

Mr Cook, in turn, takes on responsibilities for science. Mr John Faulkner becomes minister for the environment, sport and territories.

Opec uncertain of output-cut support

By Robert Corzine in Geneva

The Organisation of Petroleum Exporting Countries yesterday failed to decide whether there was sufficient support from sympathetic independent producers to orchestrate a co-ordinated worldwide cut in output. They are to resume talks today.

The 12 Opec ministers were told that eight countries – Russia, Oman, Yemen, Syria, Egypt, Brunei, Malaysia and Colombia – have agreed to make cumulative cuts of 200,000-250,000 barrels a day to bolster weak oil prices.

Opec has been reluctant unilaterally to reduce its 24.52m b/d output ceiling for fear that rising production from non-Opec states would make up for any shortfall.

But it is divided over the wisdom of making any cuts at all, given forecasts that demand for Opec oil will rise to current production later in the year. Yesterday's debate was "lively," according to Mr Hisham Nazer, Saudi oil minister.

Delegates expressed concern that commitments made by non-Opec producers might prove hard to monitor. They were also worried about apparently contradictory Russian statements, which signalled support for Opec while indicating a desire to increase oil exports.

Analysts maintain that a cut of at least 1m b/d is needed to have any significant or lasting impression on oil prices.

Israeli-PLO negotiators inch towards full talks

By David Horovitz in Jerusalem

A month after the Hebron mosque massacre forced the suspension of Israeli-PLO peace talks, officials on both sides indicated yesterday that most of the terms for resumption of negotiations had been agreed.

Israeli and PLO officials intend to meet again in Cairo on Tuesday to finalise arrangements for the temporary deployment of about 100 lightly-armed Norwegian observers in the West Bank town of Hebron, in accordance with a UN Security Council resolution passed last week, and for the recruitment of several dozen Palestinian policemen to serve in the town.

Provided these details can be swiftly agreed, the two delegations will broaden their discussions and focus on the "Gaza and Jericho first" autonomy deal – effectively resuming full peace talks.

Before Jewish settler Baruch Goldstein massacred 30 Palestinians in Hebron's Cave of the Patriarchs on February 25, the autonomy deal was close to completion.

Mr Shimon Peres, Israeli foreign minister, estimated yesterday that it could be ready for signing within three weeks.

It is believed that once the agreement is signed the deployment of a first contingent of Palestinian policemen in Gaza and Jericho would go ahead. The Israelis have also committed themselves to an accelerated withdrawal of most of their forces from Gaza and Jericho.

Signs of a diplomatic breakthrough have done little to ease the tension in the occupied territories.

Palestinians in the West Bank and Gaza yesterday observed a general strike in honour of the massacre victims and Hebron remains under curfew.

The Israeli army yesterday extended the curfew to the neighbouring West Bank towns of Ramallah and al-Birah.

ANC supporters march in Durban

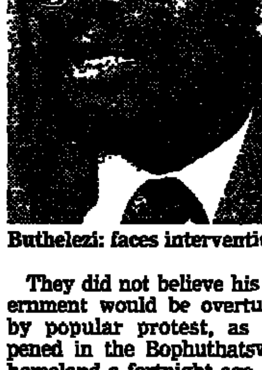
By Patti Waldmeir in Johannesburg

About 100,000 supporters of the African National Congress marched yesterday through the streets of Durban, in Natal province, to demand the freedom to vote in South Africa's April elections.

The march was the first event in the ANC's planned mass action campaign aimed at increasing popular pressure on KwaZulu homeland leader Chief Mangosuthu Buthelezi, who is boycotting the poll.

Political moves are also afoot to try to avert a threatened confrontation between the multi-party Transitional Executive Council and Chief Buthelezi. President F.W. de Klerk is expected to meet Chief Buthelezi at the weekend to seek a political solution to the Natal crisis. He is expected to warn the KwaZulu leader that if he does not ensure free political campaigning in the homeland, and perhaps accept that his Inkatha Freedom party participates at least in provincial elections, the president will have to allow the TEC to intervene in the homeland's administration.

ANC officials said they did not believe Chief Buthelezi could be legally removed from power, but that his control over areas such as homeland policing could be withdrawn. This would be tantamount to toppling him, while leaving him nominally in control.


Buthelezi: faces intervention

They did not believe his government would be overturned by popular protest, as happened in the Bophuthatswana homeland a fortnight ago.

About a quarter of South Africa's voters are in Natal, raising the risk that a spoilt poll in the province could cast doubt on the national result.

Japan's property prices fall

Japanese land prices dropped for the third consecutive year in 1993, writes Paul Abrahams in Tokyo. The fall, the aftermath of property speculation during the late 1980s "bubble economy", is a serious problem for Japan's banks which hold about Y14,000bn (£89.7bn) in bad loans, on which most of the collateral is property.

The National Land Agency said residential property prices fell 4.8 per cent last year and would fall further this year. That compared with an 8.7 per cent fall in 1992. Commercial property prices dropped 11.3 per cent on average, against 11.4 per cent the previous year.

Tokyo has been hit by the collapse in prices far more than other cities. In many regional cities prices were unchanged or fell only slightly, according to the agency. However, commercial prices in the capital fell 19 per cent last year, while in central Tokyo they plunged 23.7 per cent. Residential prices in central districts fell 24 per cent in 1993.

The continuing strength of the recession in Japan was underlined yesterday when department stores reported sales down 4.2 per cent in February, against the same month last year. Cold weather and consumers buying cheaper goods were partly to blame.

Lyell blames officials over PII certificates

By John Mason, Law Courts Correspondent

Sir Nicholas Lyell QC, the attorney-general, yesterday blamed civil servants under his supervision for errors over the handling of claims for public interest immunity certificates (PII) during the Matrix Churchill trial.

In his final day giving evidence to the Scott inquiry, Sir Nicholas admitted that both the trial judge and prosecuting counsel should have been told by government lawyers from the Treasury Solicitor's Department that Mr Michael Heseltine, the trade and industry secretary, had objected to signing a PII certificate.

Although insisting he was not trying to evade his responsibilities as the minister responsible for supervising Treasury Solicitor's Department lawyers, Sir Nicholas said he could not be expected to "second-guess" the way they carried out their work.

Mr Heseltine had been concerned that the PII certificate, which attempted to prevent official documents being disclosed to the defence, would endanger the chances of a fair trial. He consulted Sir Nicholas who then instructed him that he was under a duty to claim PII and had no discretion in the matter.

Sir Nicholas said he had trusted lawyers in the Treasury Solicitor's Department to pass on the correspondence between himself and Mr Heseltine on the issue to Mr Alan Moses QC, the chief prosecutor.

This had not been done and the failure meant the case for claiming PII was wrongly argued by Mr Moses to the judge, Sir Nicholas admitted.

"There were a number of things that did not happen as they should," Sir Nicholas told Lord Justice Scott.

He agreed that instructions given by the government solicitors to Mr Moses were too brief and misrepresented the position in stating that all ministers concerned were seeking the disclosure of the documents.

The attorney-general agreed with Lord Justice Scott that it would have been both possible and preferable for Mr Moses to have told the judge of Mr Heseltine's concern for the documents to be disclosed.

Sir Nicholas said: "I am a minister of the Crown. The Treasury Solicitor's [Department] falls under my responsibility and I accept that."

However, distancing himself from his staff, he said his job did not include "day to day" supervision of their activities.

It was impractical for the small team of people in the attorney-general's office to monitor all the activities of the Treasury Solicitor's Department, he said.

Sir Nicholas also stated that Mr Moses had given him a firm assurance that the documents the government wanted withheld would not endanger the prospects of a fair trial.

Not having seen the documents himself, Sir Nicholas said he had personally checked this with Mr Moses shortly before the trial started. "Mr Moses did indeed confirm it," he said.

Tecs fear cuts to start-up scheme

By Lisa Wood, Labour Staff

The business start-up scheme, which last year assisted more than 30,000 unemployed people into self-employment, may be severely curtailed in the next few years, local development bodies have warned.

The warning about the scheme comes from training and enterprise councils, which administer government training schemes in England and Wales; and from enterprise agencies, small business advice centres backed by funds from the private and public sectors.

In 1993-94 the scheme, which offers subsidies of about £50 a week for six months to unemployed people who want to set up their own businesses, cost the Department of Employment some £62m.

From next month the scheme will transfer into the new single regeneration budget, which brings together programmes from several departments.

Budgets for programmes will no longer be ring-fenced and Tecs, along with local authorities and other organisations seeking money for economic development and regeneration, will have to compete for the funds.

Tecs and enterprise agencies fear that the business start-up scheme could suffer because of a new government emphasis on helping existing businesses, which offer more prospect for creating jobs.

Their fears have been provoked by a cut of up to 50 per cent in budgets for business start-ups in 1994-95, which is being treated as a transitional period.

Mr Malcolm Allen, chief executive of Sussex Tec, said: "There is concern among Tecs that the senior regional directors will choose not to refinance the scheme because of demands from other areas."

Mr Peter Brown, general manager of the London Enterprise Agency, said: "Although concentration on job creation through existing businesses is laudable I worry about the transfer of resources away from start-ups which are also a potential job creator."

● The Workstart programme, aimed at getting the long-term unemployed back to work, is to be extended by six months, Mr David Hunt, employment secretary, said yesterday.

The pilot schemes will now run at least until the end of September, he said in a Commons written reply.

The schemes began last summer, offering financial incentives to employers to take on the long-term jobless.

■ Tories in Plymouth issue blunt attacks ■ Alternative leaders discussed ■ Voting rights motions defeated

Senior ministers combine fire on opposition

By James Blitz and David Owen

Leading government figures issued blunt attacks on Labour and the Liberal Democrats yesterday as the Conservative party kicked off its campaign for the forthcoming local and European elections.

In a series of speeches at the Conservative Central Council in Plymouth, cabinet ministers gave detailed appraisals of the policies being carried out by their departments.

However, most of their effort was concentrated on attacking the opposition parties, with as much time spent deriding the Liberal Democrats as the main opposition.

Sir Norman Fowler, the party chairman, promised delegates that the party was fully committed to fighting both election campaigns, and had organised "the biggest series of ministerial tours outside a general election".

But, amid several swipes at the Labour leadership, Sir Norman underlined the impression given in recent days that Tory party managers see the Liberal Democrats as the biggest threat. "In May and June, we must take the attack to the Liberals," he said. "They have had a free ride for too long."

Mr David Hunt, the employment secretary, issued a detailed attack on Labour's economic policies, arguing that its commitment to a statutory minimum wage and full employment was "socialist nonsense".

He added: "If the trade unions want to end their years of decline, they must sever their links with this sort dogma. They must get back to the workplace, selling their services to their members."

Reuter

Douglas Hurd (second from left), the foreign secretary, acknowledges the applause for his address at Plymouth yesterday in which he called for party unity on Europe

Mr Michael Howard, home secretary, emphasised that his tough stance on punishing and preventing crime would not be undermined by recent reverses in the House of Lords.

Mr Peter Lilley, social security secretary, also hinted that reductions in his department's £80bn expenditure on welfare benefits were still essential if the government was to get a firm grip on public expenditure.

However, he underlined that there was no question of ministers making any changes to the universal state pension. "We Conservatives won't means-test your pension," Mr Lilley told his audience. "We have no intention of punishing the prudent, and the basic pension is a platform people can build on."

Speaking in Bath, the chancellor, Mr Kenneth Clarke, said Liberal Democrat proposals for a carbon tax along with value added tax on domestic fuel at 5 per cent would cost the average household £160 a year.

He said the effect on the less well-off would be proportionately greater.

Mr Clarke added that Liberal Democrat proposals to raise income tax, to limit the personal allowance and to increase National Insurance contributions for the self-employed added up to a "devastating tax demand".

Accusing the Liberal Democrats of saying one thing and doing another, Mr Clarke said the party was "as usual . . . trying to have it both ways". The chancellor added that while claiming to be "green" with Friends of the Earth, the Liberal Democrats simultaneously condemned VAT on fuel as a "death tax" even though they had once advocated it.

Major supporters who harbour private despair

By James Blitz

Standing in one of the bars in the Plymouth Pavilion, the young delegate from the Midlands drew on her cigarette and chose her words carefully.

"Talking on the record, I think John Major is the best leader we could possibly have," she said. "Off the record, I think we need a change of leader as soon as possible. The situation is desperate."

Public satisfaction and private despair with the prime minister were much in evidence in the bars and tea rooms at the Conservative central council yesterday. Publicly, the 400 delegates who make up the party's most loyal activists were full of praise for Mr Major: for his negotiating skills, his human qualities, and a tough stance on Europe.

But cajole the delegate, and ask who they would like to see as party leader by the end of the year, and it is clear they have thought the issue through very carefully.

"Heseltine has all the charisma and the punch to give us the impetus we need," said a prospective parliamentary candidate, carefully turning over his conference pass so his name could not be seen. "He has the leadership qualities, the oratorical skills, the judgment to bring us victory."

Another prospective candidate agreed. "Looking back," he said, "I think we made a mistake not to choose Michael in the last leadership contest."

Six months ago, Mr Heseltine, the trade and industry secretary, might have been discounted by many for his role in bringing down the last leader. But as one delegate said: "All that was aeons ago."

Mr Kenneth Clarke, the chancellor, also had supporters. "He is a class act," said a woman from the west country, "and the Budget was a technical triumph".

There is no doubt that Mr Major retains strong support. "I have met him personally and he is stronger than any other candidate," said Ms Glenys Hurle-Hobbs, a councillor.

But the praise yesterday was often lukewarm, apologetic. "He will stay as long as he wants to stay," said Mrs Dene Thomas from Brecon and Radnor. "He took over at a time of huge difficulty for the country," said one delegate. "He has done nothing wrong, it's just that people don't trust him any more."

By chance, Mr Major, Mr Heseltine and Mr Clarke will address the conference today in what Conservative Central Office is calling a beauty contest.

Yet some delegates are troubled by deeper issues than who will be their leader. After six months of revelations about Tory politicians' personal lives, the Scott inquiry and questions over the accountability of government, they are voicing fears that the party and its MPs are losing touch with ordinary people.

"I don't care who is leader," said a woman who runs one of the largest constituency associations in the south of England. "But if there is a contest, I hope the candidates start it by putting on false moustaches and glasses, getting out of Westminster and speaking to people."

Campaigners for greater democracy in the Tory party yesterday said they had given the leadership "a bloody nose" in the annual battle over voting rights at the central council.

The Charter Movement, a Tory splinter group that seeks greater party accountability, defeated three motions by the national union executive that would have deprived rank-and-file members of some voting rights.

The first sought to change the rules over the election of members to the Conservatives' main executive body, the board of management. At present, the national union executive – which brings together a cross-section of party organisations – nominates three officials to the board of management. These nominations must be ratified by the central council, the only body on which junior members of constituency party organisations are represented.

The motion, which would in effect have deprived the council of its right to vet the nominations, was passed by 273 votes to 178, but failed to achieve the two-thirds majority required for inclusion in the rules.

Two other motions, including one which some delegates said would have created "oppressive burdens" on the right to convene an emergency meeting of the central council, were defeated.

The charter group succeeded two years ago in passing a motion to convene an emergency meeting of the central council to discuss party democracy. Sir Basil Feldman, the chairman of the national union, has since claimed that some of the votes in favour of calling the meeting were invalid, and it has not been convened.

Ms Sharon Spiers, a leading activist in the Charter Movement, said yesterday: "Every time delegates come to the central council, they leave more and more angry." She said 43 per cent of the rank and file favoured more democracy for the party's affairs, and in future years the movement would be able to make far-reaching changes.

Cinema use falls 25.7% in quarter

Cinema admissions in the last quarter of 1993 were 25.7 per cent below the figure in the third quarter, say Central Statistical Office figures, Raymond Snoddy writes.

The fall comes against a background of rising cinema admissions in the UK.

There were an estimated 22.6m admissions in the period and 1,625 screens were operating at 511 sites with average revenue per screen of £38,600. Estimates of cinema activity in the UK are calculated from the returns made by a small voluntary panel of contributors.

Teachers' 2.9% rise confirmed

A 2.9 per cent increase in teachers' pay in England and Wales will apply from next week, education secretary Mr John Patten said yesterday.

The government had insisted there would be no extra money for public-sector pay rises this year and the cash would have to be found by increased efficiency or cost cuts.

HSE to examine radiation leak

The Health and Safety Executive is to investigate an incident in which two workers at the Aldermaston atomic weapons establishment were contaminated by radiation.

The Ministry of Defence said the dose involved was "very small" but still above strictly applied safety levels. The leak happened during routine work in a laboratory at the plant in Berkshire.

Yorkshire miners move union assets

The Yorkshire area of the National Union of Mineworkers has voted overwhelmingly to transfer its assets to the national union in Sheffield.

The 88 per cent vote in favour of the transfer of undertakings secures the union's immediate future and underlines the strength of Mr Arthur Scargill's presidency.

Yorkshire has about three-quarters of the union's membership of about 8,000.

Northern Electric regains contract

Northern Electric has recaptured the electricity supply contract for Fujitsu Microelectronics' microchip plant in Newton Aycliffe, County Durham, from PowerGen, Fujitsu confirmed yesterday.

The £2.5m contract for a year's supply from April 1 will be signed on Monday.

Judgment reserved on company director

The Court of Appeal yesterday reserved judgment on the appeal of Mr Michael Hunt, the managing director of Nissan UK, the former car importers.

Mr Hunt was jailed for eight years last July after being convicted of defrauding the Inland Revenue of more than £50m in unpaid corporation tax. He is appealing against both conviction and sentence. The result is expected late next month.

Ashdown warns on EU reforms

By Kevin Brown, Political Correspondent

Mr Paddy Ashdown, the Liberal Democrat leader, yesterday warned the European Union that the next round of institutional reforms will fail unless national parliaments are involved in negotiations.

Mr Ashdown told the European Movement in Brussels that the Commons "will not put up with another Maastricht in terms of being asked to ratify something that appears to be a fait accompli".

He said the next intergovernmental conference on EU constitutional reform, due in 1996, should include both the European parliament and the parliaments of member states.

He also called for the addition of employment trends to the economic convergence criteria for European monetary union, from which Britain has been granted an opt-out.

He said this would mean that "before the EU could deliver a common currency – something which its people suspect – it would first have to deliver something they welcome – jobs."

Mr Ashdown's comments reflect the cautious approach being adopted by the Liberal Democrats in the run-up to the European parliament elections on June 9, when the party expects to win seats for the first time.

Liberal Democrat leaders have played down the party's long-standing commitment to European integration since last year's tortuous parliamentary debate on the Maastricht treaty, when the party helped the government to secure ratification.

However, Mr Ashdown attacked the government's "negative" opposition to EU proposals to change the union's qualified majority voting system after the accession of Austria and three Scandinavian countries.

Accusing the government of "playing the nationalist card," he said it was in Britain's interests to have a workable qualified majority voting system to promote agricultural reform, rather than allowing "stubborn minorities" to defend vested interests.

"Maintaining the unity of the Conservative party by appeasing the nihilists on the right is not a vital national interest," he said.

Lib Dems play down fresh race row

By Kevin Brown

Embarrassed Liberal Democrat leaders were yesterday playing down the second race-relations controversy involving the party's controversial Tower Hamlets branch in three months.

Mr Paddy Ashdown, party leader, said attempts by Tower Hamlets activists to achieve an "ethnically balanced" election ticket were "well-intentioned, but misguided".

Mr Ashdown was responding to disclosures that a ballot of members in two wards in the Liberal-Democrat controlled east London borough had been used to produce a mix of white, Asian and Afro-Caribbean candidates for the local elections in May. The disclosures were doubly embarrassing for Mr Ashdown, who warned last month that the politics of race must not be allowed to get a grip in London's east end.

The issue is sensitive for the Liberal Democrats after the internal party inquiry last year, which ruled that some of the party's activists in Tower Hamlets had pandered to racist sentiment during the Isle of Dogs by-election campaign. The poll was won by the extremist British National Party (BNP), which threatens to win further east London seats in May.

Mr Graham Tope, president of the Liberal Democrat's London region, said the Tower Hamlets party was trying to fight racism by fielding a slate of candidates reflecting the borough's complex ethnic mix.

"There was no attempt to be racist by anyone," he said. "Their view was that a balanced ticket reflecting the makeup of the area was the best way of defeating the BNP."

Tower Hamlets party leaders are expected to meet tomorrow to recount the ballot results without regard to ethnic background.

Lloyds raps investment watchdog

By Alison Smith

Another cloud was cast over the Personal Investment Authority, the new regulator to protect private investors, yesterday when Lloyds Bank described the PIA proposals as "seriously flawed".

The comment came a day after Prudential, the UK's largest life insurer, said it would not apply to join the PIA but would insist on its right to be regulated directly by the Securities and Investments Board, the chief financial watchdog.

Lloyds, the high street bank which sells life insurance through its Lloyds Abbey Life arm, said the new regulator offered "neither the merits of genuine self-regulation nor the settled framework and clear accountability of regulation by a statutory body".

The bank has so far stopped short of refusing to join the new regulator, but the fact that it is prepared to make public its reservations at this late stage will be a blow to the PIA, which is due to take over as the regulator for retail financial services in July.

Its formation has been the subject of fierce controversy within the financial services sector, and many organisations which have said they will join have done so without enthusiasm.

Now the PIA's supporters are lobbying to ensure that important groups in the sector, which have not yet declared their hand, will sign up for the new watchdog. Earlier this week, Halifax, the UK's largest building society, said it had "serious reservations" about the PIA.

TSB, National Westminster and Barclays banks have either applied or made clear that they will do so. Midland has yet to make an announcement.

While the position of some banks and building societies is still in the balance, there is growing confidence at the PIA that even life insurers which do not like the proposals – such as Friends Provident – will apply.

The government has made clear its determination to see that the PIA goes ahead on schedule. But the political controversy over the plans will intensify next Wednesday, when ministers will come under renewed pressure to defend their preferred regulatory system in a Commons debate.

Labour, which has called the debate on personal pensions and regulation, will use the occasion to press the government to respond to Prudential's refusal to join the PIA.

Mr Alistair Darling, the party's City spokesman, said he saw the decision as symptomatic of significant dissatisfaction among many smaller companies and independent financial advisers.

BA fare cuts set to spark price war

British Airways yesterday announced a package of bargain fares for customers booking within the next three weeks.

The cuts, ranging from a third to a half, have been made in an attempt to attract more leisure travellers.

Virgin Atlantic immediately pledged to file new fares in the next few days to counter the BA move. Mr Richard Branson, Virgin chief, said: "We will never let BA undercut us."

BA said savings of more than £300 could be made on trips to the Far East or Mexico, £200 to the Caribbean and £100 to the US, South Africa and Europe. Trips to Europe or North America must include a Saturday night and those elsewhere must be for at least a week.

Backed by a £3m advertising campaign, tickets go on sale today and include return flights from London to New York for £239 – saving £110 on the lowest BA fare.

Under the World Offers scheme, which lasts until April 15, a ticket to Mexico will cost £349 (saving £387); and Jamaica will cost £539 (saving £250).

Mr Robert Ayling, BA group managing director, said yesterday: "We want to be the leisure traveller's favourite airline as well as the business traveller's."

BA added that these discounted fares are not eligible for air miles on their Executive Club frequent flyer programme. Only full-fare tickets are eligible for air mile credits.

OFT chief attacks music charts

By Michael Skapinker, Leisure Industries Correspondent

Sir Bryan Carsberg, director-general of fair trading, said yesterday that the way in which the Top 40 music chart was compiled was "significantly anti-competitive".

Sir Bryan confirmed statements by the Office of Fair Trading last month that the matter would be referred to the Restrictive Practices Court.

He said he was concerned about agreements under which the British Association of Record Dealers undertakes not to supply sales information for the compilation of the charts to anyone other than the Chart Information Network and its research contractor.

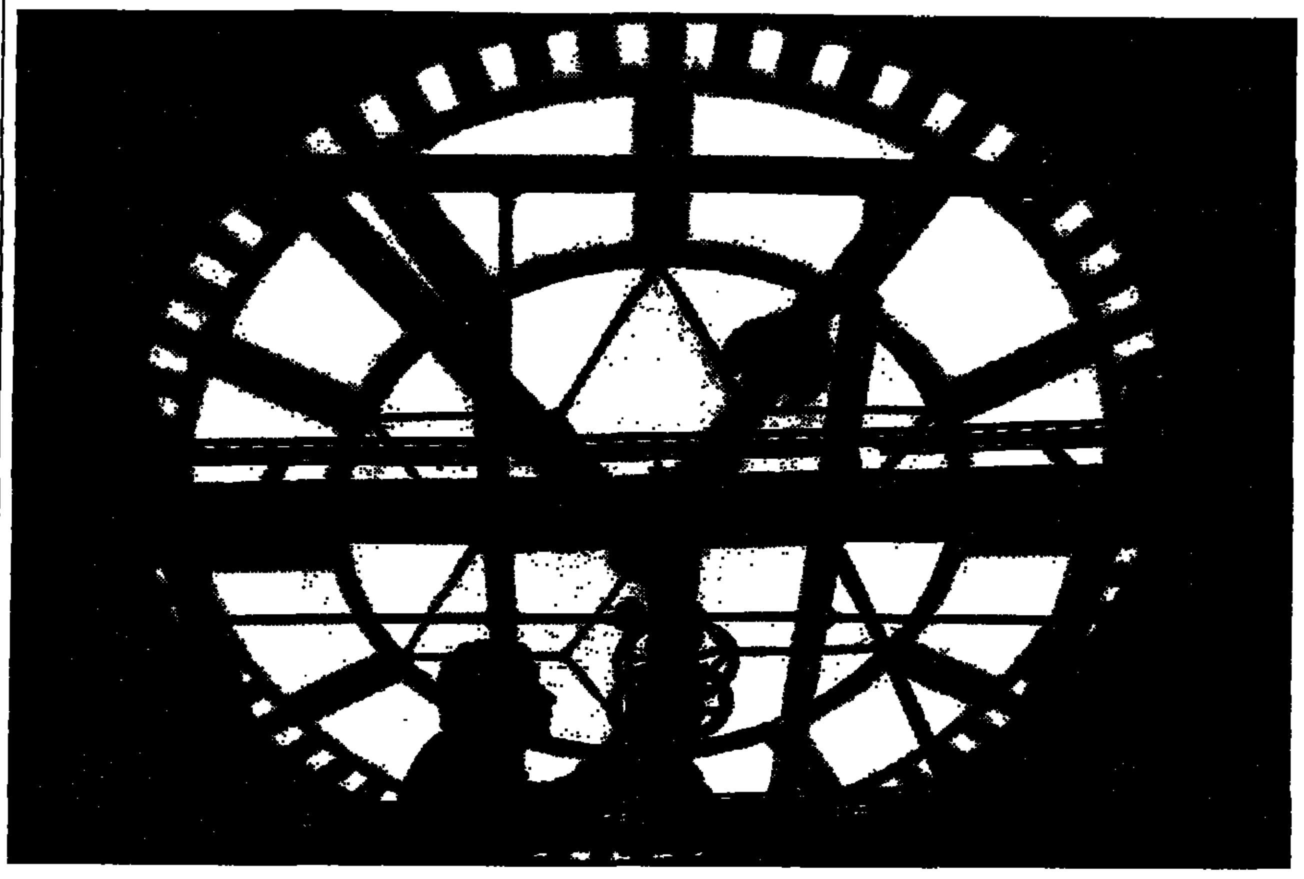
The network earlier this year awarded the contract to compile the charts to Millward Brown, a research company. The contract had previously been held by Gallup, the polling organisation. Sir Bryan is asking the court to examine both contracts.

The network is jointly owned by the British Phonographic Industry, the music companies' trade body, and Spotlight Publications, publishers of Music Week. Spotlight is owned by United Newspapers.

After Millward Brown won the contract, Gallup complained to the OFT that it should continue to have access to sales data so that it could compile an alternative to the official charts. Gallup yesterday welcomed Sir Bryan's announcement.

Ms Catharine Pusey, the network's charts director, said: "We will be vigorously defending our agreements before the Restrictive Practices Court. The only complaint to date about the arrangements has been from Gallup, which was content to participate in and benefit from them for a number of years."

Mr John Pinder, Gallup's charts director, said that his company had never asked for the exclusive right to record dealer information that it had under the previous agreement.



Reuter

Hands-on work: Brian Makin, clock maintainence officer for the town hall clock in Paisley, Strathclyde, preparing the mechanism yesterday for winding the time forward an hour for summertime. All clocks in Britain should be put forward by one hour tonight

Braer captain escapes action

The master of the Braer oil tanker, which was wrecked in high seas off Shetland in January last year, is not to be prosecuted.

Law officials in Edinburgh confirmed yesterday that no criminal proceedings are to be launched against anyone over the incident, in which more than 85,000 tonnes of oil spilled into the sea.

No reason for the decision was given by the Crown Office in Edinburgh. Mr Jim Wallace, Liberal Democrat MP for Orkney and Shetland, said he would seek an explanation from Lord Rodger of Earlsferry, the lord advocate.

The master of the Braer, Captain Alexandros Gelis, was criticised in a report last January by the Department of Transport marine accident investigation branch.

It blamed him for failing to deal with steel tubes that broke loose on the deck of the Braer and smashed into fuel tank vents, leading to fuel contamination and engine failure.

Mr Wallace said that if yesterday's decision was taken on "policy" grounds, it would be a matter for concern. However, if it was felt there was insufficient evidence to make a case beyond reasonable doubt, that decision was for the Crown lawyers.

The decision not to prosecute does not prevent civil proceedings, but Shetland Islands Council said yesterday it would not pursue that course.

Loophole in data protection to be shut

By Motoko Rich

The Home Office is to close a legal loophole that could allow people to gain unauthorised access to personal data held on computers.

Mr Eric Howe, the data protection registrar, welcomed the move, announced in Parliament on Thursday.

It follows his call last year for a tightening of the law to cover third parties who obtain electronic personal data by deceit from organisations such as banks and health authorities.

The British Bankers' Association said it was delighted by the Home Office's plans and echoed the registrar's concern that individuals and agents specialising in supplying private information have been using deception to get at information such as bank balances and account numbers, pension arrangements and salary details.

Although the Data Protection Act, the Theft Act and the Computer Misuse Act are designed to guard such information, it is still difficult for courts to prosecute individuals and agencies who gain unauthorised access by deception. The amendment would make such procurement a criminal offence.

Earl Ferrers made the announcement in response to a question by Baroness Nicol, who expressed concerns that "several members of this House received an offer of services from ACT Investigations Group offering. . .to supply for payment details of personal telephone calls, of mortgage repayments, of bank balances and of arrears on electricity and other bills".

ACT said it "does not obtain information by deception, but we could not be responsible for all the third parties we deal with".

Branson fails to win M&S lottery endorsement

By Raymond Snoddy

Mr Richard Branson's Lottery Foundation has failed to win a formal endorsement from Marks and Spencer before the winner of the race to run the National Lottery is announced.

Mr Branson, who has launched the lottery bid with Lord Young, the former trade and industry secretary, hoped the retail group would back the bid because, unlike the other seven bidders, the foundation plans to hand all the profits to charity.

When the bids were submitted in February, Mr Branson said M&S was "inclined to support" his bid and would decide in March whether to put foundation computer terminals in its stores. This would have been a coup for the foundation. The impression was given that M&S might refuse to get involved with other bidders.

In fact M&S has decided not to endorse any bidder and will wait until the Office of the National Lottery has chosen the winner in May. The store chain – which is interested in the Branson/Young approach to running the National Lottery – will then have talks with the winner.

Meanwhile Rainbow, the consortium put together by Sir Patrick Sheehy, chairman of BAT Industries, has submitted a detailed contract to the lottery office on how its proposal would work.

Although Rainbow has bid for the main operator's licence, it intends to subcontract the main part of the lottery – the on-line network of computer terminals – to one of its rivals. Rainbow would concentrate on the instant part of the lottery, the scratch cards. Sir Patrick claims more money would be raised for good causes if there were competition between two lottery operators with one specialising in terminals and the other on scratch cards.

Howard backs new body to review criminal cases

By Robert Rice, Legal Correspondent

Government proposals for a new independent body to take over investigating alleged miscarriages of justice from the Home Office were presented yesterday by Mr Michael Howard, home secretary.

The Criminal Cases Review Authority was recommended by last year's report of the Royal Commission on Criminal Justice. It would act as a body of last resort after normal avenues of appeal had been exhausted, and would have the power to refer cases back to the Court of Appeal.

The Home Office reviews about 700 cases a year, with the home secretary referring about 10 to the appeal court. Between October 1988 and March 1993 the government paid £3.4m in compensation and ex gratia payments to 70 people who had been wrongfully convicted.

Mr Howard, launching a discussion document, said that Home Office thinking differed from the recommendations of the Royal Commission in two respects.

The government proposes that the authority should have the power to refer cases to the courts on grounds of sentence as well as conviction. The government also wants the authority to take on responsibility for investigating wrongful convictions in magistrates' court cases.

At the moment, once appeal procedures have been exhausted in summary cases, errors can be corrected only by exercise of the royal prerogative.

Mr Howard said he hoped to introduce legislation as soon as possible but could not guarantee space in the parliamentary programme next year.

Asked why he had delayed nine months before issuing a discussion paper based almost exactly on the recommendations of the Royal Commission, Mr Howard said it was important not to rush matters which involved such "major constitutional change".

Rail crash probe begins

By Charles Batchelor, Transport Correspondent

Crash investigators were last night trying to discover why two trains carrying more than 150 passengers collided yesterday injuring 35 people, two of them seriously.

The accident happened at Newton Abbot station in Devon just before 10am when a Paignton-Cardiff train ran at low speed into the back of a stationery InterCity train.

Some passengers were trapped in the crash and had to be freed by firemen, but most needed only minor treatment in hospital for "whiplash" injuries, cuts and bruises.

Rail services were disrupted, but resumed later. British Rail said it was looking at all possible causes of the crash including brakes, signals and equipment. Officials from the Health and Safety Executive and the Railway Inspectorate were examining both trains.

British Rail has been testing a computerised train safety programme, Automatic Train Protection, which is intended to take over if a driver takes a wrong decision or a train fails to respond to signals. Trials have been in progress on two routes, London to Bristol and London to Aylesbury, for two years but have been delayed by cash shortages and the complexity of the rail network.

● The cost to the taxpayer of rail privatisation is expected to reach about £92m by the end of this month, transport minister Mr Roger Freeman said in a Commons written reply yesterday.

He said the costs were small in relation to the size of the business and the benefits of reform.

French group could face shipyard redundancy bill of £1.5m for 490 jobs

Swans costs may fall on buyer

By Chris Tighe

The cost of another round of redundancies during the next two months at Swan Hunter, the Tyneside shipbuilder in receivership, may fall on the French company negotiating to buy the yard, even if it does not complete the purchase until the summer, it emerged yesterday.

Receivers Price Waterhouse this week warned the unions that 490 jobs are at risk when Swans hands over the Type 23 frigate HMS Northumberland on May 12, leaving insufficient remaining work for the present 1,038 employees.

Constructions Mécaniques de Normandie is hoping to reach agreement within three weeks on the purchase of Swan Hunter, conditional on the yard winning from the Ministry of Defence the refit of the Sir Bedivere landing ship – a decision not due to be announced until July 20.

But because CMN is now in negotiation with the receivers to buy Swans, it could face a redundancy bill, likely to be about £1.5m, if the gap in workload forces the 490 redundancies prior to its takeover of the yard.

"We are facing the possibility of having to pay for these redundancy costs, then re-employ these people," said Mr Fred Henderson, leader of the CMN team, yesterday.

This consideration is likely to influence the price CMN offers for Swan Hunter. "It's something we have to take into account in our bid," he said.

The liability is enshrined in the Transfer of Undertakings legislation set out in the 1978 Employment Protection Act, and subsequent amendments. A purchaser would also have to make redundancy payments in line with Swans' own scheme. The 1,450 employees already made redundant received the state minimum.

The receivers said yesterday the cost of paying the 490 for two months while waiting for the refit decision would be at least £1.25m. They said they were studying job sharing, lay-offs and the possibility of finding other work to avert the redundancies.

Following confusion on Thursday over whether the 490 job losses were definite, the receivers and unions yesterday discussed the issue. "There's no longer the confusion," said Price Waterhouse afterwards.

The receivers have asked the Ministry of Defence to bring forward a decision on the Sir Bedivere refit.

Poverty 'hits 20% of rural families'

By Alison Maitland

An influx of wealthy people has cast a "cloak of prosperity" over the English countryside which hides the poverty, inequality and isolation faced by at least a fifth of rural households, says a study to be published next week.

The report by the Rural Development Commission, a government agency, also finds evidence of a significant "black economy" in rural areas.

At least 20 per cent of households were living on or below the poverty line in nine of the 12 counties surveyed, the report says. Even in well-heeled West Sussex, Warwickshire and Northamptonshire, between 20 per cent and 30 per cent of wage-earners in households had gross salaries below £8,000.

"The juxtaposition of wealth and poverty merely heightens the relative impact of low-income lifestyles in these areas," says the report by Bristol University researchers.

During the 1980s, many well-off, mobile people moved into villages to retire or commute to jobs in towns and cities, creating an image of affluence, it says.

"The increasingly common assumption of countryside people as two-car owning meritocracies can only serve to hide the plight of the non-mobile minority in gaining access to basic and necessary lifestyle opportunities."

The report was funded jointly by the Rural Development Commission, the Department of the Environment and the Economic and Social Research Council, a government agency. It was based on questionnaires from more than 3,000 households in 12 study areas across England in 1990.

It argues for more government action to create jobs, fill the "vacuum of affordable property for rent" and improve public transport and other services.

Migration to the countryside is not confined to the better-off, the study says. "The incidence of low-income households appeared to be being reproduced in most areas through the 'in-migration' of a significant number of lower-income households." This runs counter to suggestions that rural deprivation will disappear as disadvantaged groups "move out or die off", it says.

More than 60 per cent of respondents in most counties surveyed – 90 per cent in North Yorkshire – believed local people, especially young married couples, faced difficulty gaining access to accommodation.

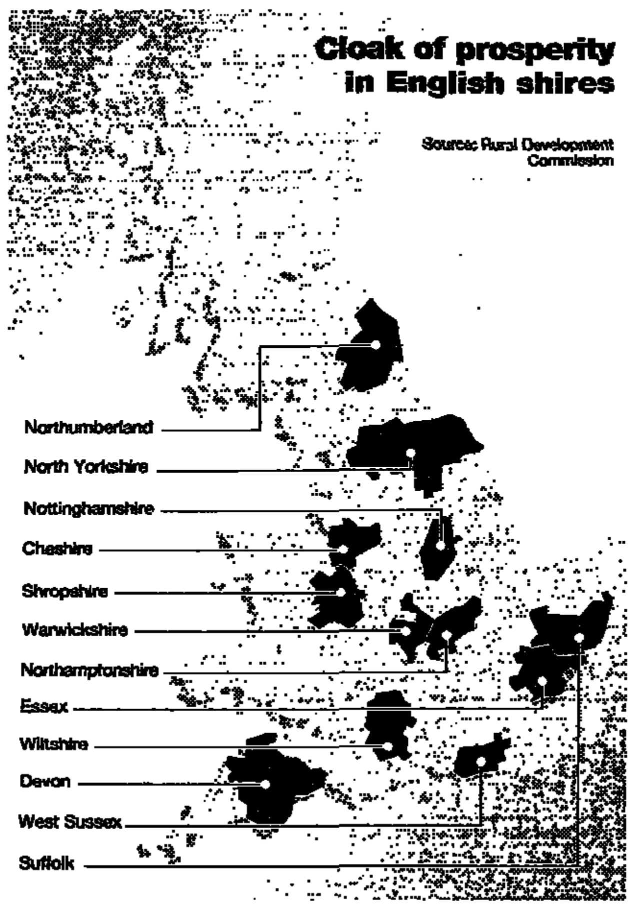
Between 54 per cent and 74 per cent considered that there were "significant employment disadvantages". But there was also evidence of a vigorous black economy in many areas. "Second jobs [done by] 'foreigners' or 'moonlighting' – or casual work done by those who would otherwise be unemployed – appeared to be significant if hidden aspects of economic life."

More than 90 per cent of people in six counties believed public transport had declined while 16 per cent of households had no car and 23 per cent of women had no access to a car.

For many country-dwellers, there is the compensation of a close-knit community, proximity to nature, and being happy and healthy, says the report.

"However, our surveys also emphasised that the experiences of these characteristics can be highly differentiated. One person's splendid isolation was another's loneliness; the close-knit community for many can be prying, gossiping intrusion for others."

Lifestyles in Rural England. Rural Development Commission, 141 Castle Street, Salisbury, Wiltshire, SP1 3TP. £25.



Nissan to expand dealer network

By Kevin Done, Motor Industry Correspondent

Nissan, the Japanese carmaker, plans to expand its UK dealer network from 294 to 330 by the end of the year.

Mr Andy Green, sales director of Nissan Motor (GB), said the company aimed to increase its sales of new cars and light commercial vehicles this year by 18 per cent to 110,000 from 93,650 in 1993.

It is forecasting growth of about 7 per cent in the overall market for new cars to 1.9m from 1.78m last year. With an expanded dealer network it is seeking to raise its share of the UK new car market to 5.5 per cent from 5 per cent last year.

Nissan is seeking to rebuild its share of the UK market following the setbacks it suffered during its legal battle with Nissan UK, its former independent importer/distributor. It took direct control of its UK sales and marketing operations in 1992.

Nissan also plans to change its vehicle distribution system with the creation of a central vehicle storage centre in Sunderland.

● Sunderland Football Club's plans for a £75m superstadium and entertainment centre on land beside Nissan's £900m car plant have been called in for a decision by the Mr John Gummer, environment secretary.

A public inquiry into the club's proposals, which have been strongly opposed by Nissan, is now virtually certain.

Earlier this month Sunderland City Council's environment committee decided not to refuse outline planning permission.

But the environment department said yesterday Mr Gummer believed he should decide on the application because of its conflict with the council's approved development plan and its likely implications for the green belt, highway safety and neighbouring land uses.

Nissan fears the development will block future expansion and jeopardise production methods.

Major sees Malaysia hope

By Kevin Brown, Political Correspondent

The successful Malaysian search for five British soldiers missing in Borneo prompted renewed hopes yesterday of a thaw in Britain's frosty relations with Kuala Lumpur.

After weeks of sharp exchanges over Malaysia's Pergau dam project, the search provided a rare opportunity for non-controversial contacts between the two governments.

Mr John Major used the opportunity to write to Dr Mahathir Mohamad, the Malaysian prime minister, expressing "warm personal thanks".

Mr Major's aides refused to release the text of the letter, which was said to be a personal communication between the two prime ministers. However, officials said it was intended to leave Dr Mahathir in no doubt that Britain was highly impressed by the "tremendous" performance of the Malaysian armed forces.

The five missing soldiers were located on isolated Mount Kinabalu in the Malaysian province of Sabah after a two-week search. Malaysia used helicopters, troops, park rangers and local residents in the search for the men, who had been on a climbing expedition.

Senior officials said Mr Major's letter of thanks did not refer directly to the controversy over British press reports of the controversial Pergau dam project.

Malaysia decided four weeks ago to withhold future government contracts from UK companies because of press reports of alleged bribes offered to Malaysian politicians.

The Commons foreign affairs committee, which is investigating the project, has also heard allegations of a link between £234m in loans to Malaysia and a £1bn arms contract.

Dr Mahathir insisted in a letter to the Financial Times last week that there would be no change of policy. "The die is cast," he wrote.

However, the impression that Downing Street remains hopeful of a diplomatic thaw was increased by the disclosure that Britain has not pursued suggestions that the European Union is prepared to retaliate against Malaysia.

The EU, which has sole competence in trade matters under the Treaty of Rome, is understood to be willing to consider reciprocal action if Malaysia refuses to back down.

Downing Street said the dispute had not been discussed with the EU.

Dublin fishes for peace catch

Irish president Mary Robinson visited Ulster yesterday despite unionist opposition and said: "It is important to establish links" *Photograph: Associated Press*

The tactics of Irish ministers may be a reminder of the nation's favourite pastimes, but they have caused confusion elsewhere, **Tim Coone** reports

Viewed from London or Belfast, the Dublin government's recent efforts to bring Sinn Féin, the political wing of the IRA, to the Northern Ireland negotiating table have on occasion appeared contradictory, confusing and – to unionist eyes at least – full of menace and duplicity.

At one moment Irish ministers stood shoulder-to-shoulder with their British counterparts, insisting that there will be no concessions to Sinn Féin without a permanent IRA ceasefire. But Irish ministers then appeared to change tack.

Having signed the Downing Street declaration in December, the Irish republic lifted its broadcasting ban on Sinn Féin in January, then made various direct and indirect communications to Sinn Féin to spell out its interpretation of the joint declaration.

Dublin has insisted that no deadlines will be put on Sinn Féin's acceptance or rejection of the declaration. Last weekend, Mr Dick Spring, the Irish foreign minister, said a temporary ceasefire by the IRA would be "welcome".

So is Dublin undermining the joint declaration? Or is it that the Irish government's recent manoeuvrings are simply a translation into politics of two of the country's favourite pastimes - horse-racing and fly-fishing? Mr Albert Reynolds, the prime minister, is a keen racegoer and has a reputation as a man prepared to take a gamble in politics.

With the joint declaration he has in effect studied the form, checked the going, and placed his bet that Sinn Féin and the IRA will eventually renounce violence and enter the negotiating process.

Meanwhile, with the skills and patience of a fly-fisherman, he has repeatedly cast his vision of Ireland's future past the suspicious eyes of the North's republicans. He changes the "fly" to suit the latest shifts in wind or weather, but always with the same intention – to catch the biggest fish in the history of the Irish state, an end to the IRA's military campaign and the prize of peace in Northern Ireland.

As one prominent Northern Ireland politician said recently: "Sinn Féin is like a salmon on a hook. It darts this way and that and puts up a tremendous struggle to escape. But if you play it in gently, you will eventually land it".

Dublin has made no secret of its view that any efforts to renew political talks in Northern Ireland are likely to founder without an end to the IRA military campaign. It has therefore spared no effort to explain to Sinn Féin's leaders both Dublin's and London's understanding of the joint declaration, and of the steps that will follow an end to violence. According to government officials, those contacts continue through intermediaries. One said: "The Taoiseach [prime minister] speaks to someone who then speaks to someone".

Senior Irish government officials say in private that Mr Reynolds believes the British government could take similar steps to bring about an IRA ceasefire without entering into negotiations or making concessions.

Dublin's latest cast is to emphasise that Sinn Féin does not have to accept the Downing Street declaration as such, but that a permanent end to the IRA military campaign would be sufficient to admit Sinn Féin to what is seen as the next phase of the peace process – the establishment of a Forum of Peace and Reconciliation in the republic.

The forum was referred to in the joint declaration as a specifically Dublin initiative, bringing together the nationalist parties north and south to work out a common platform from which to negotiate with the unionists and the British government. Other parties would subsequently be invited to attend.

It is unrealistic in Dublin's view to impose a precondition on Sinn Féin to accept the declaration (other than the essential condition that the IRA abandons its military campaign) when it has already been declared moribund by the Ulster Unionist party and rejected out of hand by the Democratic Unionist Party. In Northern Ireland it has been welcomed only by the nationalist Social Democratic and Labour party and the moderate Alliance party.

In a recent interview with a Belfast newspaper Mr Reynolds said: "Let [the declaration] be a vehicle for a cessation of violence. If some people in the republican movement have problems with some of the words in it that's fine. That should not be a reason for staying away."

Mr Reynolds and Mr Spring have since insisted that a temporary ceasefire will not be sufficient to admit Sinn Féin to the talks process, especially as the IRA does not seem to be considering one.

That particular "fly" has been put away for the moment, it seems, but it should not come as a surprise if Dublin casts a few new ones across Northern Ireland's troubled waters in the weeks ahead, as it waits patiently for Sinn Féin to bite.

Smith urges Europe-wide rate cut to boost demand

By David Owen

Mr John Smith yesterday called for an immediate co-ordinated cut in European interest rates to stimulate demand as tax rises begin to bite.

The Labour leader used a speech to the Federation of Small Businesses in Edinburgh to portray Labour as the natural ally of the small-companies sector.

It was a priority for Labour to ensure that the proportion of small businesses which made the transition into medium-sized enterprises was increased from just one in 50 at present, he said. The latest retail sales figures indicated that a cut in interest rates was needed, he added. They showed that consumer demand had fallen even before the new batch of tax increases took effect.

In a speech which focused on the problems encountered by small businesses in raising finance, Mr Smith called for legislation to "make sure that those who use late payment [of debts] as a matter of normal practice pay the costs of that credit."

He said companies should be required to publish statements on payment practice and payment records in their annual accounts. A 30-day period for payment of debt should be a standard in both the public and the private sectors.

Commenting last night on the Labour leader's remarks, Lord Strathclyde, minister for small businesses, said the government was taking the idea of legislating on late payment "fairly seriously", but there was "no point in doing it unless it will make a difference".

He said the Federation of Small Businesses had told the government it did not regard legislation as the top priority.

Welcoming recent moves to reduce the sector's dependence on overdraft finance, Mr Smith nevertheless described the number of companies which took advantage of the government's loan guarantee scheme for small firms as "derisory".

The scheme - whose costs were reduced and scope broadened in the Budget a year ago - would have to be changed and improved if it was to have any real impact on access to finance, he said.

Lord Strathclyde said the Budget changes had been "a great success", with applications rising and defaults falling.

Mr Smith gave a nod in the direction of the subsidised small business loan fund that small firm lobbyists have long called for, saying Labour might set up a private-sector managed investment fund to channel investment from elsewhere in the private sector.

He said there was no reason why mutual guarantee schemes of the type used to raise capital by companies in some European countries could not be made to work in Britain.

The Labour leader also stole some of the government's clothes, calling for a crack-down on unnecessary red tape and a network of "one-stop shops" for business registration to help cut down on form-filling.

£40m grant for London housing

By Kevin Brown, Political Correspondent

The government yesterday announced the allocation of £40m from its Estate Action programme to refurbish four council housing estates in London.

Mr Tony Baldry, junior housing minister, told the Commons during a debate on inner cities that the funds would refurbish 3,500 houses and build 500 new ones.

The estates are at White City in the borough of Hammersmith and Fulham, Northumberland Park in Haringey, Harvist in Islington and Phipps Bridge in Merton.

Mr Baldry also told MPs the vitality of urban life would be restored by revised planning guidelines sent to councils this week by Mr John Gummer, environment secretary, which come close to banning retail developments on greenfield sites.

Labour said the government had no strategy to deal with urban decay, which had spread across the country since 1979.

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FINANCIAL TIMES

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More fear than greed

It is part of the perversity of stock markets that they frequently fall on good news and rise on bad. But where political shocks are concerned, behaviour is more predictable. The murder of Mexican presidential candidate Mr Luis Donaldo Colosio on Thursday deflated global markets that were already nervous after the US Federal Reserve had signalled a further quarter-point rise in short-term interest rates on Tuesday. It has been a dismal week for bond and equity investors, who have been swept along by a strongly bearish tide since early February.

There is a growing political factor at work in markets. Putative plots in Moscow and the threat of civil war in the Crimea are a nagging worry for bond markets in Europe. In Japan, the unpredictable behaviour of North Korea over a nuclear capability that may or may not be real has played a similar role in unnerving yen bonds. Whitewater continues to undermine the political authority of the Clinton administration, while giving rise to fears that the president will try to extract himself from political trouble by pursuing a more populist, and thus destructive, trade policy.

A more predictable influence is the electoral timetable, notably in Europe. Apart from the Italian elections this weekend, there is a federal election in Germany in October, while France has a presidential election in 1995. Here the impact on markets is more subtly corrosive, because of the longer-run political pressures on fiscal policy. Since the Amato government's savage attack on the oversize budget deficit last year, the government under Mr Ciampi has been blown off fiscal course.

Whatever coalition ultimately emerges from the present electoral process in Italy, it would be ill advised to pursue anything other than an orthodox budgetary path, given that public sector debt will exceed 120 per cent of GDP by mid-decade. Yet media magnate Mr Silvio Berlusconi has been wooing voters with promises of tax cuts.

Substantial subsidy

Perhaps more surprising has been the French government's backsliding on the fiscal virtue so painfully acquired in the 1980s. This week's huge injection of capital into the state-owned loss-making bank, Crédit Lyonnais, comes close on the heels of the substantial subsidy for Air France. Mr Edouard Balladur, a potential presidential candidate whose poll rating is sinking, appears ready to incur heavy economic costs in an attempt to restrain the rise in the political temperature.

This is worrying for those who hope that the European markets will ultimately uncouple from the US, leaving room for a recovery in European bond prices. Apparently high real (inflation-adjusted) rates of interest may be lower than they look if people are over-sanguine about the durability of disinflation. Also worrying is the fact that the general trend in short-term interest rates outside the US is either static or falling too slowly to offer much of a gravitational pull for bond yields. In the UK, where recovery is well established, a less benign than expected set of inflation figures this week has made it harder for the chancellor to push for a rate cut. In Germany and France, the beginnings of recovery are clearly perceptible, implying that the scope for further cuts is limited.

Even in Japan, which has lagged the rest of the world on its way to the upturn, the central bank governor Mr Yasushi Mieno has been suggesting that the recession is past its trough. That, too, carries a hint that further monetary easing is not on.

Subdued recovery

Paradoxically, the good news for markets may be precisely that recovery outside the US looks like being subdued. Labour market weakness in parts of continental Europe and Japan is a dampening influence on demand. Another dampener is the recent rise in bond yields, since long-term interest rates in continental Europe have a greater influence on real activity than in the English-speaking economies where short rates are more important. That suggests that neither inflationary pressure, nor the pressure of demand on the global pool of capital, will prove unmanageable and that the the panic in bonds is overdone.

The trouble with forecasting an end to a correction of this kind is that markets overshoot. As Professor Gordon Pepper points out in his new book, *Money, Credit and Asset Prices*, there are times when a degree in crowd psychology might provide greater understanding of financial market behaviour than a degree in economics. Expectations of a change in financial forces can, he argues, cause a bunching of speculative transactions, leading to volatile and disorderly markets.

At present, neurosis prevails and the central bankers lack the appropriate bedside manner. Just as the Fed's earlier policy of small and repeated rate cuts encouraged investors constantly to hope for more, gradual increases are now causing fear to become self-feeding. The correction may have gone too far. Yet it requires boldness to act on the assumption that it will not go even further next week.

Giants jostle for a place to grow

Alan Cane on trends shaping strategic thinking in the computer industry

The world's computer industry, still reeling from three years of recession, seems set to enter a new, dramatically different, phase. That at any rate seems to be the conviction of Mr Bill Gates, the restless and relentlessly ambitious chairman of Microsoft, the world's largest and best known software house.

In the past few months he has struck a series of deals with cable companies, telecommunications companies and satellite organisations, which suggest he wants his software applied in areas far removed from the personal computer operating systems for which it is best known.

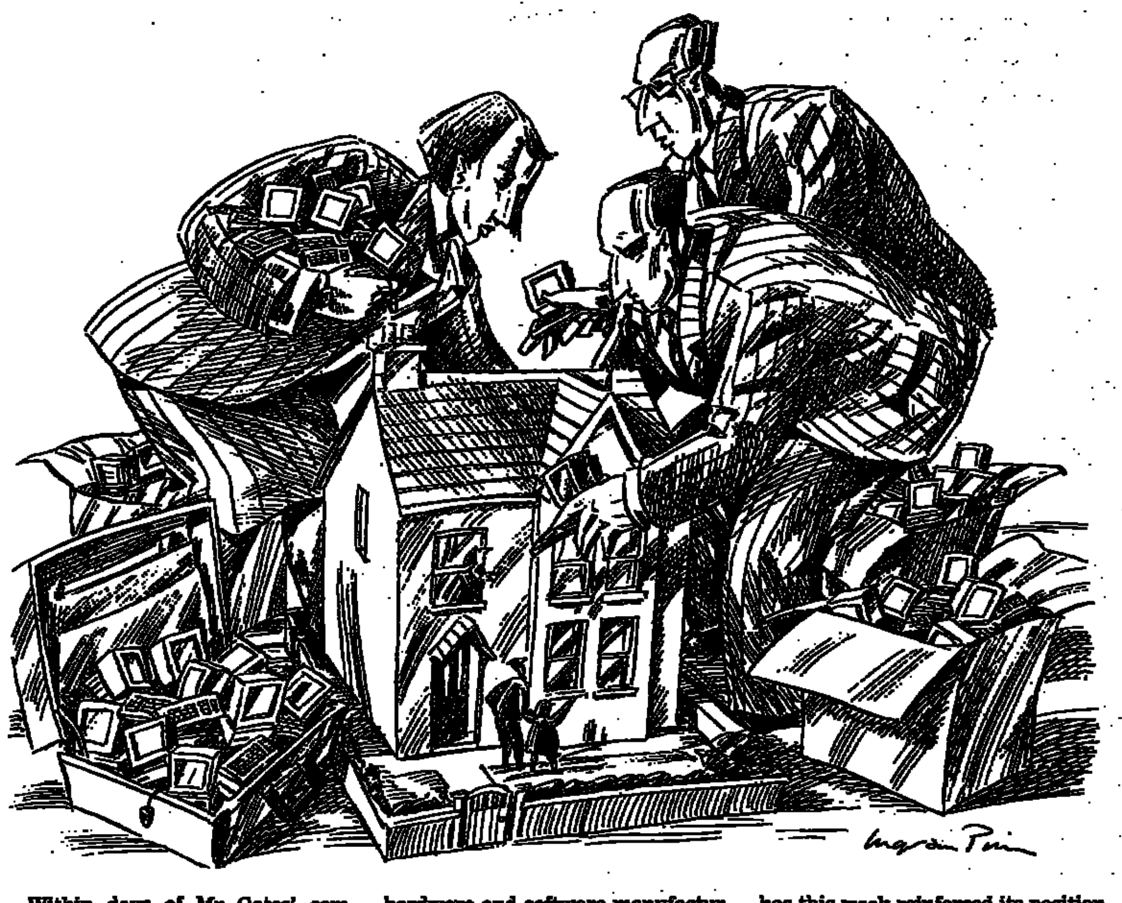
He has also instituted a company-wide reorganisation of Microsoft's sales and marketing methods. And in what seems a spectacularly speculative move, he is putting his own money into a venture with Mr Craig McCaw, developer of the US's largest cellular telephone company, aimed at creating a global satellite system for data communication.

Meanwhile, Novell, a smaller, less charismatic software house, has this week struck a number of deals intended to transform it from the industry's leading network specialist to a broad-based software house.

Novell's moves are fuelling speculation that Microsoft faces its first serious challenger in a decade. Another view, however, is that Novell has made its move too late.

Novell paid $1.4bn of its own stock for WordPerfect, another Utah-based company which was once market leader in word processing software. It also paid Borland International, another large US software developer, $145m for its "Quatro Pro" word processing software and the rights to sell to Borland's database programs. The acquisition of WordPerfect gives Novell combined revenues of about $1.9bn compared with Microsoft's $3.75bn.

Novell's moves appear, in turn, to have acted as a spur to Microsoft. Apparently driven by fears that the company was falling behind Novell and other competitors in the software industry, including Lotus Development Corporation and Electronic Arts, in marketing, sales and support strategies, Mr Gates demanded more aggression and competitiveness from his employees. The company needed to take decisions and act on them faster, he wrote: "It is better to take action, make mistakes and be forgiven than to wait and ask for permission". (Microsoft's competitors may feel this is rich from a company currently under investigation by the US Justice Department for alleged anti-competitive practices.)



Within days of Mr Gates' comments, Mr Lou Gerstner, chairman of International Business Machines, the world's largest computer maker, set out IBM's plans to fight horrendous losses and re-establish a role. (see below).

The impression created is of computer industry giants jostling for postion in an increasingly competitive business. The problem each faces is that it is unclear what strategy will prove most effective in the face of three broad trends.

First, industry leaders expect hardware and software manufacturing to be concentrated increasingly in the hands of a few large players.

Mr Benjamin Rosen, chairman of Compaq Computer, which makes personal computers, sees conventional mainframes and minicomputers being replaced by networks of personal computers and powerful network "servers" based on increasingly sophisticated PC technology. IBM, Apple and Compaq represent today's premier division; others will be hard put to displace them.

In the software market, Novell has this week reinforced its position among a handful of large companies – Microsoft, Computer Associates, Oracle and Lotus Development Corporation – intent on carving up the cake between them. At the same time, consolidation is creating specialist powerhouses; the leaders in desktop publishing Aldus Corporation and Adobe Systems have agreed to merge, as have Electronic Arts and Broderbund Software, experts in educational software.

There will be room, however, for small software houses, because as Mr Rosen, a founding director of Lotus, the developer of the best-selling spreadsheet 1-2-3, says: "Talented software designers do not like working for big companies."

Second, the spread of common standards and sophisticated software has allowed the development of programs which integrate with other manufacturers' systems. Here Novell is in a strong position, dominating the market in networking software. It also owns the rights to Unix, networking software originally developed for minicomputers which many believe ideal for today's more powerful PCs to run company-wide networks.

Microsoft has until recently had only a token presence in networking software. A new operating system it has developed called Windows NT, may redress the balance.

Third, and possibly the most significant development, has been the emergence of small and medium-sized companies and individuals as prime consumers of personal computers and their software.

For the past 40 years the computer industry has supplied the data processing business – the administrative systems of big companies. Now as hardware and software prices fall rapidly, individuals and small organisations are buying personal computers faster than big businesses.

This provides a powerful logic to Microsoft's recent acquisitions and alliances. It is developing multimedia products with Tele-Communications, the US cable operator; it bought Soft Image, creators of computer generated scenes in the film Jurassic Park; this week it invested $30m in an advanced wireless data network being built by Mobile Telecommunications Technologies.

These acquisitions signify a determined move to provide and control the software that will manage informations flows – business data, education, news and entertainment – into the home and office. Microsoft's software would become ubiquitous: controlling radio communications, cable and satellite links as well as telecommunications lines and compact disks.

Mr Gates says there is usually an eight-year gap between him spotting an opportunity and the profits flowing: "For some reason, I think this will happen faster than that".

Novell's strategy is different. It is taking Microsoft on in the traditional business of data processing. The rewards seem likely to be reasonable but the possibilities are limited. If Mr Gates is right about the future of the industry, Novell will have invested in the wrong market.

Louise Kehoe on IBM's attempts to find a new role

Late for the dance

Though still the largest computer company in the world by far, IBM knows it will no longer set the pace for its rivals. "I don't think we should plan on owning huge segments of the economic value of this industry [in the future]," Mr Lou Gerstner, IBM chairman and chief executive, said on Thursday. "We are not going to set our mental attitude or our economic structure on that assumption."

Unveiling plans to revive IBM, after three years of heavy losses, Mr Gerstner acknowledged that the company has failed to respond to changes in the computer market. The company's biggest mistake, he said, was to ignore the shift away from mainframe-based centralised data processing to networks of personal computers.

IBM is now fighting to catch up. "We're arriving late to the dance, but not too late," Mr Gerstner said.

For many companies, he said,computer systems based on networked personal computers "have turned out to be rife with problems, and those problems open a very wide door of opportunity for IBM".

He cited the case of an unnamed but "very large financial institution with tens of thousands of personal computers" which faced considerable difficulties managing a network of computers acquired by different departments at different times and running various software applications. Mr Gerstner said the institution's chief information officer went to bed at night never quite sure where the company's data on customers was stored.

"There is a very critical need to create information management tools for distributed [networked] computing," Mr Gerstner said.

IBM also hopes to become a leading supplier of technology for "information superhighways". IBM will have a two-pronged approach to what Mr Gerstner said would become an increasingly "network-centric world".

First, the company aims to become a big supplier of equipment and services to the telecommunications and cable television companies that build the "highways". It also wants to build on its traditional strength in supplying complex computer systems and offer company-wide networks.

As IBM searches for its new role in the rapidly changing world of information technology, it is making painful adjustments; downsizing its workforce and operations, cutting back research and development spending and reorganising its salesforce.

Faced with intense competition from specialist companies – the "piece-part players" as Mr Gerstner calls them – IBM is retraining its salesforce to create product specialist and industry focused groups.

"We have to make size pay for IBM, rather than size being a detriment," said Mr Gerstner. "This is a major challenge. If we are ever going to succeed we have to change IBM's culture."

IBM hopes that the new phase the industry is entering will weaken the hand of specialist suppliers. "Customers have become very sceptical of the constant flood of new information technology," said Mr Gerstner. "A customer said to me: 'maybe you guys should slow down the pace of technology innovation'."

No longer able to set the pace of innovation, IBM is questioning the value of its competitors' technology. "How powerful a computer do you really need on your desk," asked Mr Gerstner, raising a question that his predecessors at IBM would never have voiced.

MAN IN THE NEWS: ***Alan Greenspan***

Canny operator draws world's eye

Michael Prowse says the political skills of the US Federal Reserve chairman are being tested

As US interest rates rose another notch this week, traders in London and other European financial centres were reminded that the German Bundesbank is not the only star in the monetary firmament. The US Federal Reserve is still the world's most powerful central bank and its decision to start tightening monetary policy while many of America's trading partners are still economically depressed has sent shivers through bond markets from New York to Tokyo.

It has also irritated the White House, which believes the Fed may be overreacting to what are still only tentative signs of mild upward pressure on inflation. Last week, President Bill Clinton summoned Mr Alan Greenspan, the Fed chairman, to the White House for talks on economic policy. In financial markets the ill-timed meeting was seen (perhaps unfairly) as a blatant attempt to put pressure on Mr Greenspan. The Fed would probably have increased rates anyway this week, but the administration's clumsy intervention settled matters since inaction would have raised doubts about the Fed's independence.

Critics fear that a tighter US monetary policy will slow the pace of economic recovery which, on Main Street, is seen as having only just got going. US banks are already raising their prime lending rates and mortgage rates are up sharply, reflecting the steep increase in bond yields. The Fed's action need not have much impact on growth overseas, but probably will because European central banks are reluctant to see their currencies depreciate against the dollar. To prevent depreciation, they may postpone or abandon planned rate cuts.

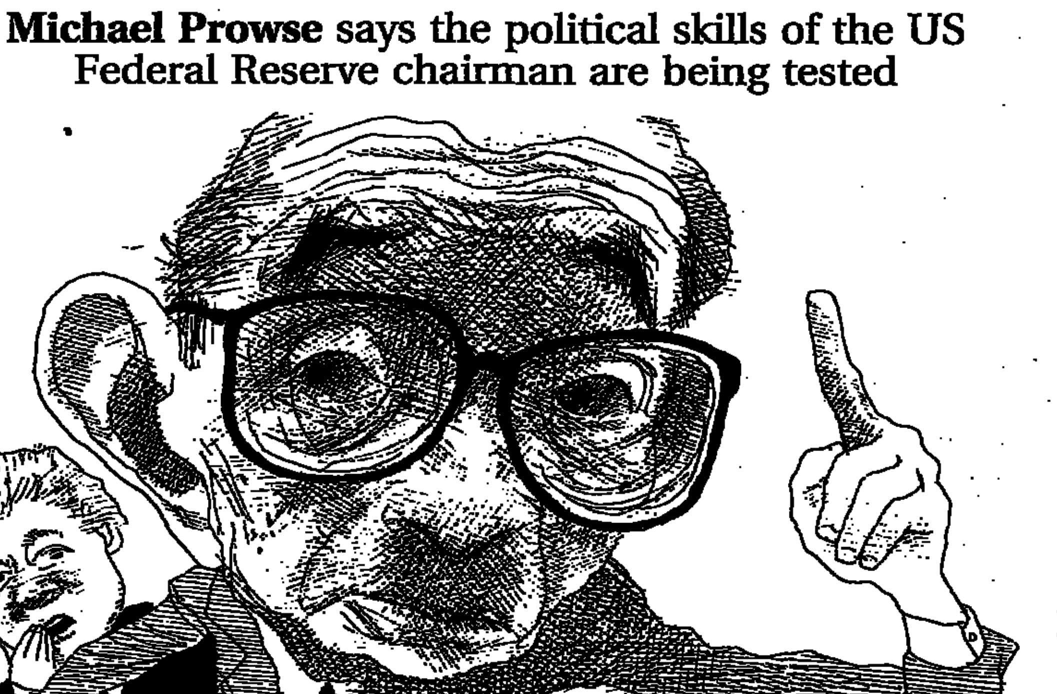
Although the White House and the Fed disagree on policy, there is little sign of personal animosity. As policymakers Mr Clinton and Mr Greenspan share a love of detail; there is every sign that the White House appreciates the quality of Mr Greenspan's economic advice, which many regard as the best available in Washington. The Fed chief, a Reagan appointee in a city run by Democrats, has also deliberately courted the Clintons. He sat next to Hillary Rodham Clinton during the presentation of the White House economic plan to Congress last year and subsequently pronounced the deficit-cutting measures "credible".

There is every sign that the White House appreciates the quality of Mr Greenspan's economic advice

Since the plan included the biggest tax increase on the wealthy in decades, conservatives were infuriated. It seemed a strange lapse for a former disciple of Ayn Rand, the ultra-libertarian author. But it stood Mr Greenspan, a canny political operator, in good stead. So far, Mr Clinton has refused to support congressional calls for legislation to reduce the Fed's independence. And he has offered only lukewarm support for a Treasury plan to strip the Fed of its powers as a bank regulator. Even on interest rates, Mr Clinton is showing more restraint than George Bush, so far expressing only mild misgivings in public about Fed policy.

Mr Greenspan has thus played his cards shrewdly. Administration officials doubtless also appreciate the fact that the Fed chief, the most powerful figure in international finance, is so willing to keep out of the public eye. A fixture on the Washington media and political cocktail circuit (his girlfriend Ms Andrea Mitchell is a reporter for NBC television), he often meets privately with journalists. But he refuses to give on-the-record interviews and unlike other top economic officials he never appears on TV shows. The public knows him mainly through his dry, rather technical testimony before congressional committees. The image he cultivates is of a courteous, knowledgeable and pragmatic civil servant.

Occasionally, however, Mr Greenspan lets slip his private views and these suggest a more radical temperament. For example, he advocates the abolition of capital gains tax – not a view shared by many moderate Republicans. And he recently shocked Democrats by admitting he was a bit of a gold bug. He claimed that the gold price was a good indicator of inflation pressures and even expressed nostalgia for the financial rigour induced by the 19th century Gold Standard.



His views on the role of central banks are sometimes misunderstood. When Mr Gordon Brown, the UK shadow chancellor, passed through Washington recently, he naturally called on Mr Greenspan. Mr Brown's aides came out of the meeting deeply impressed – Mr Greenspan apparently said the task of a central banks was to promote economic growth as well as to control inflation, thus distancing himself from the sterner rhetoric of his European colleagues.

Sensitive to his audience, Mr Greenspan probably failed to add that his recipe for stimulating growth is to push for zero inflation or "price stability" – not a policy that the British Labour party is likely to endorse. Mr Greenspan defines price stability as inflation so low that it can be ignored because it no longer interferes with the micro-economic role of relative prices in guiding resource allocation. He does not think the US has yet reached this goal even though many economists believe the true rate of inflation is lower than the 2.5 per cent to 3 per cent shown by the consumer price index.

If Mr Greenspan fears anything more than inflation, it is financial instability. He reacted to the 1987 stock market crash in textbook fashion by making unlimited liquidity available to endangered financial institutions. He cut interest rates more rapidly in the early 1990s than most central banks thought prudent because he feared the combination of excessive borrowing in the 1980s and falling real estate prices might threaten the stability of the US banking system. With hindsight the Fed's policy looks finely judged: the US has emerged strongly from recession and inflation, so far, has stayed subdued.

Cutting interest rates is easy. But Mr Greenspan has now embarked on what may prove a long upward path. During the recession his "gradualist" approach – lots of small quarter or, occasionally, half point interest rate cuts – worked well. If the financial markets discounted future cuts all well and good: share and bond prices simply surged, providing an additional economic stimulus. But Mr Greenspan is now discovering that gradualism on the way up is a little more problematic.

On this view, nothing is more destabilising than the present 'drip drip' approach which critics dub Chinese water torture

The Fed hoped that by raising short-term rates promptly it would convince markets that it was serious about preventing a resurgence of inflation as the recovery matures. In theory greater confidence that inflation would remain low ought to have countered upward pressure on long bond yields caused by higher borrowing needs as companies expand capacity to meet increased demand. But this has not happened mainly because markets are betting that Mr Greenspan's gradualist strategy will involve many future rate rises.

Some Wall Street analysts are urging the Fed to act more boldly. If, instead of nudging rates higher, Mr Greenspan quickly raised rates to a "neutral" level consistent with sustainable non-inflationary growth, say 4-5 per cent, markets might regain their composure. On this view, nothing is more destabilising than the present "drip drip" approach which critics dub Chinese water torture.

While occasionally quibbling with his judgments, Wall Street nevertheless regards Mr Greenspan as a class act. He has more than filled the shoes of his admired predecessor Paul Volcker, partly because he brought diverse qualities to the top Fed job: intimate knowledge of financial markets gleaned from decades as a Wall Street consultant, mastery of economic theory, and prior experience in public service – during the mid-1970s he was chairman of Gerald Ford's council of economic advisers.

None of the people mentioned by Clinton aides as possible successors can match this experience – another reason why nerves are on edge in financial markets. For example, Mr Robert Rubin, the director of the National Economic Council, is a respected former co-chairman of Goldman Sachs, but he lacks Mr Greenspan's economic expertise. Mr Larry Summers, the Treasury under-secretary, is another potential candidate, but he lacks practical experience of financial markets. And although he was an economics professor he has a reputation as an inflation dove.

Mr Greenspan's critics should perhaps realise that the financial outlook would be darker if he were less eager to nip inflation in the bud. US interest rates might not be rising now, but if the economy was allowed to hurtle into capacity constraints, they would eventually be forced into the stratosphere. Unless Mr Clinton makes an inspired choice (which could involve reaching out to a Republican), the expiration in 1996 of Mr Greenspan's second term as Fed chairman could spell the end of a long period of US monetary stability.

FT writers ask if the state's grip on people in North Korea is weakening

Rationed and restless

Pyongyang has "a distinct and native life of its own and is known [in Korea] as one of the wickedest cities of ancient and modern times", wrote US diplomat William Franklin Sands a century ago.

That description could apply today. The city retains its "wicked" image as the capital of North Korea, which appears to be heading for an international showdown over its suspected nuclear weapons programme. Next week the UN will consider imposing economic sanctions, if North Korea does not open up its nuclear facilities to inspection, while the US agreed this week to the deployment of Patriot missiles in South Korea.

The "distinct and native life" in North Korea consists of a political culture that has transformed its "Great Leader", Mr Kim Il-sung, into a demi-god and has cowed a frightened population.

Life there is difficult and is becoming more so. The collapse of the Soviet bloc cut off previous supplies of food and energy, while the high level of defence spending has restricted investment in industrial and infrastructure development.

Conditions are particularly tough in the countryside, where food shortages are reportedly widespread. Growing food has never been easy in mountainous North Korea. In the 1980s, it was able to feed its population of 21m through intensive agricultural measures, which depended on heavy use of chemical fertilisers. But since then, energy shortages have reduced fertiliser production.

Falling oil imports and dwindling supplies of domestic brown coal, as mines have become exhausted, have forced factories to operate at about a third of capacity. Electricity power blackouts are becoming common. The government has encouraged people to use bicycles – some sent by charities in Japan – instead of trolley buses, to save fuel. Electrical appliances have to be registered with local authorities, which stipulate the times they can be used.

The picture is not uniform, however. In Pyongyang, supplies of food and goods are more plentiful. The city's 2m residents are members of the country's elite, and are frequently vetted for their political loyalty. Those who do not make the grade must leave.

"There is a big gap between life in Pyongyang and life in the rural areas. Pyongyang is a shop window for the rest of the world," said Mr Masao Okonogi, a professor of law at Tokyo's Keio University, who has visited North Korea.

In the country as a whole, the state has needed a "carrot and stick" policy to retain public loyalty.

The carrot comprises a comprehensive welfare system that includes free housing, medical aid and education. The stick consists of intrusive political controls, including the rationing of food and clothing, and mandatory indoctrination in classes on the country's *juche*, or self-reliance ideology.

There is also an extensive network of informers. "There is an atmosphere of fear in North Korea, because everyone knows someone who has been packed off to a labour camp for a political crime," said Mr Michael Breen of Merit Consulting, an investment consultancy in Seoul, who has travelled in North Korea.

But there are signs that the government's controls are disintegrating as the economic situation worsens. "Corruption has become widespread among bureaucrats since the mid-1980s and people resort to bribes to avoid punishment," said Mr Bradley Martin, a Fulbright scholar who is writing a book on North Korea. "The society is not as regimented as we once thought."

Mr Toshio Miyazuka, a North Korean specialist at Japan's Yamanashi Gakuin University, said the government had not been able to prevent the spread of criminal gangs. Thefts and rapes are rising.

Black markets in food and other goods have emerged. The lack of food has forced factories, which are responsible for feeding their workers, to rely on them to supplement rations. "A factory official travels the country to find new supplies. These officials could eventually become the country's first generation of businessmen, since they have acquired an expertise in trading," said Mr Martin.

The black markets have also helped to pierce the information vacuum imposed by the government. "People know what's going on in the outside world by listening to radios bought on black markets run by Korean Chinese", who smuggle them in, said Mr Miyazuka.

In spite of such knowledge, older people who grew up during the Korean war in the 1950s appear relatively committed to the government. They recall the sacrifices they made to reconstruct the economy after the war.

"North Koreans now realise that South Korea is richer, but they possess a moral rectitude because they believe that the South has sold its soul to the US," explained Mr Anthony Michell, president of Euro-Asian Business Consultancy in Seoul and a frequent visitor to North Korea.

The younger generation, however, tended to complain more about the lack of consumer goods and bureaucratic restrictions, said Mr Michell.

Few dare criticise Kim Il-sung, who appears to have the genuine respect of the public for his armed resistance to Japanese colonial rule in the 1930s and 1940s – a period emphasised in school textbooks. "Even North Korean defectors I've interviewed have expressed admiration for Kim," said Mr Martin.

Instead, domestic opposition appears directed at his son and heir apparent, Mr Kim Jong-il, the "Dear Leader" and the head of the armed forces. He is blamed for most of the country's problems, because he came to prominence just as the economy was starting to deteriorate in the mid-1980s. There is also resentment within the North Korean government that the Kims have reserved most of the top administrative positions for their relatives.


Distinctive life: North Koreans surround a poster of their Great Leader

"The situation is getting desperate in North Korea and it is highly plausible that there is growing discontent against the Kim dynasty at both the grassroots and top levels of government," said Mr Adian Foster-Carter, director of Korean studies at the University of Leeds.

Given that the foundations of North Korea's system appear so shaky, the US may prefer to wait and see whether the government survives, rather than invite a confrontation that could lead to war.

Report by John Burton, Michiyo Nakamoto and Emiko Terazono

Work, protest and affray

David Buchan and **John Ridding** examine the causes of French youth unrest

"Of course, I am angry," says Martin, a student at Toulouse university. "This is the first time I have been on demonstrations. I am going to go on protesting until the government listens."

Yesterday it was Martin's Parisian colleagues' turn to show their anger at the Balladur government's new law which allows young apprentices to be paid less than the national minimum wage. The march, by more than 30,000 young people in the capital, passed off without serious incident, because of – or despite – the presence of 2,500 police in riot gear and another 800 in plain clothes.

But in contrast to the largely Paris-based student uprising in May 1968 – a possible parallel in everyone's mind – the protest marches over the past four weeks against the youth wages law have been nationwide, touching small towns as well as provincial cities such as Lyons and Nantes, where violent clashes have continued all week.

When clashes erupted on March 17, for instance, the eyes of the France's Paris-centric media were on the 30,000 students and assorted union members who demonstrated in the capital; not surprisingly, because some shop windows were smashed, cars burnt and youths arrested. But the final tally for the day showed that no fewer than 200,000 protestors had turned out in the provinces. This week, in the south-western town of St Gaudens, about 100 secondary school pupils skipped class to demonstrate behind a banner reading "Oppression of Schools = Explosion".

French students and their government may be listening to one another, but each is certainly not understanding what the other is saying. For his part, Prime Minister Edouard Balladur seems baffled by what is going on. He insists that his wage reform is "for the young, not against them". He says it is aimed at making the 25 per cent without jobs more employable.

It is true that he has somewhat watered down the February 24 decree. This lumped all youth – those with and without higher education diplomas – together as eligible for "contrats d'insertion professionelle" (CIP), under which they would be paid 80 per cent of the minimum wage, known by the acronym Smic, in return for training provided by employers. On March 3, Mr Balladur agreed that diploma-holders should get at least the Smic or 80 per cent of any wage pact agreed within an industry sector. But three weeks later, students still do not believe his repeated assurances that he is not trying to "devalue" their diplomas. "I believe in your good faith," he said in an open letter in the nation's youth in the Libération newspaper last week, "please believe in mine." They don't.

So, Mr Balladur is now doing what he has rarely done over his first prime ministerial year – standing firm. One reason is precisely that he knows he must correct his reputation for caving in to pressure, particularly when, as so often in France, the challenge comes from the streets. But a further motivation is his belief that French youth cannot reasonably ask him to make any further concessions.


Reuter
Arm of the law: a protestor is subdued by riot police at yesterday's demonstration

Unless the students protests soon peter out with the advent of the Easter holidays and spring sunshine, the ingredients are in place for a crisis that could knock foreign confidence in the French economy and currency. Mr Balladur himself seems almost fatalistic about this prospect, if his recent comments about his political mentor, Georges Pompidou, are a guide. Mr Balladur said he learnt from Mr Pompidou, for whom he worked in 1968, that "sometimes it is necessary to let things go to boiling point [*paroxysme*] before they can get back to normal".

The students and government are listening to, but don't understand, each other

But Mr Balladur's ministers and those in his private office in the Matignon have claimed publicly that they detect "political manipulation" behind the student protests. This may merely be paranoia. But the Socialist and Communist opposition parties, as well as the unions, have made clear that they want the repeal of the CIP. This has disappointed any hopes Mr Balladur may have had that his public show of consulting the unions over the past year would pay dividends in his hour of need.

More irritating for the Matignon is the public silence on the part of the Patronat employers federation, whose only private comment has been to say that few of its members will actually use the CIP. Even the few individual employers, such as Mr Claude Bébéar of the AXA insurance group, who back the broad principles behind the CIP measure, also deplore its clumsy presentation.

This theme of government clumsiness has been taken up, to still more damaging effect, by virtually all the party and parliamentary leaders of the ruling conservative majority who do not actually hold ministerial office. They include Mr Valéry Giscard d'Estaing, leader of the centre-right UDF, and – ever with an eye on his forthcoming battle with Mr Balladur for the presidential nomination – Mr Jacques Chirac, leader of the RPR gaullists.

Yet, the more convincing explanation for the crisis lies not in conspiracy, but in a variant of Mr Balladur's favourite theme that France is a "société bloqué". The most obvious blockage is the inability of so many young to advance from school or university into gainful employment.

Most economists agreed with Mr Balladur's diagnosis that the Smic has helped price lesser-skilled, and inevitably younger, workers out of the job market. But where he is widely judged to have gone wrong is in discouraging students from advancing themselves through higher education. "Why should young people be paid less to do the same job as others with the same qualifications?" asks Mr Cyril Wone at Paul Sabatier university in Toulouse.

Such sentiments are widespread. "People of our generation are finding it harder than ever to find a job, whatever their level of qualification," says a student at the Sorbonne. "There is a growing feeling that the future is bleak."

Paradoxically, the main organisers of the student protest come from a section that has felt its future was not so bleak, at least not until Mr Balladur stepped in.

This segment comes from the *instituts universitaires de technologie* (IUTs), set up in the 1960s inside universities, and the *sections de techniciens supérieurs* (STSs), set up to prepare secondary school students for technical baccalauréats. These practical institutions, as their names suggest, have had far more success in placing their diploma-holders in the job market than older universities like the Sorbonne, with more generalist courses.

It is this technical "aristocracy" that is most angry at Mr Balladur's attempt to level youth wages downwards. It was the IUT in Paris' wealthy 16th arrondissement that organised the first February demo against the CIP, but the rapid recent spread of IUTs and STSs around the country accounts for the widespread nature of the student revolt.

Perhaps the most general blockage lies in France's political institutions, which tend to thwart the sort of open debate that might have settled the youth wage row in parliament and not in the street. Because France has a weak parliament – and inside it a left-wing opposition that is numerically small – the real debate about the CIP took place, not when the enabling law passed the National Assembly last October, but months later with the publication of the implementing decree. Moroever, what real opposition Mr Balladur faces is to be found within his own massive conservative majority. But in order to maintain the pretence of conservative unity, internal debate – of the kind that might have thrashed out problems with the CIP – is often hushed up.

To compensate for this lack of political debate, Mr Balladur has reached back to the habit of consulting, at least formally, with the trades unions – a tactic he learnt under Pompidou. But time has moved on. Union presidents are no longer the power, except in the state sector, that they were 25 years ago. Today, more than before they are following, rather than leading, the students. Among the latter steam has built up. And when that happens in a *société bloqué*, there is always the danger of explosion.

Tools to secure a future

John Authers on plans for vocational training at UK schools

Southborough School in south London is swimming against the tide. Its 14-year-old pupils are offered vocational courses on top of their academic curriculum. But in the three years since it introduced this radical measure, the school has found it awkward to fit vocational training into the strict academic requirements of the national curriculum.

The school is determined to persist. As one teacher remarked, "it is improving standards because it means a more relevant and coherent curriculum for youngsters."

For the moment, Southborough's scheme is very much the exception to the rule. But this may be about to change.

Government curriculum advisers plan challenging new vocational courses for 14-year-olds. They aim to create a new system of vocational qualifications that pupils and employers would find as attractive as the academic path towards A-levels needed for entry into higher education.

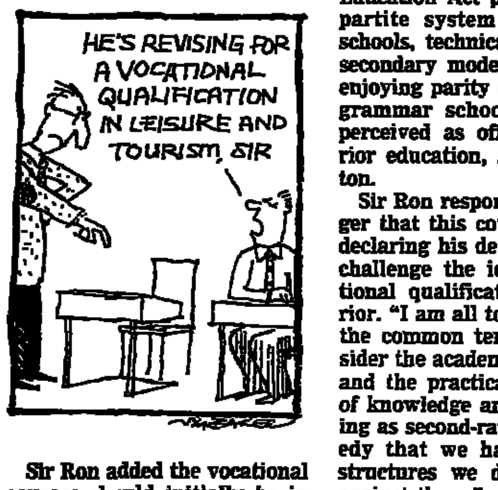
Few dispute that Britain's vocational education system needs an overhaul. UK universities are internationally renowned for the quality of education they give the top 30 per cent of academic achievers. But vocational education has long been the poor relation.

The absence of high-quality vocational education is reflected in Britain's shortage of qualified skilled workers, according to Professor Sig Prais of the National Institute of Economic and Social Research. Only 36 per cent of the British workforce has a vocational qualification, against Germany's 74 per cent.

Professor Prais believes the lack of skilled technicians has harmed UK industry. Work practices are inefficient, and qualified graduates are sometimes "wasted" doing jobs better left to trained technicians.

The latest attempt to fill the vocational gap in the UK comes from Sir Ron Dearing, who chairs the School Curriculum and Assessment Authority, the quango advising on the content of school education in England and Wales.

Sir Ron believes many teenagers have lost interest in academic study and gain little from their final years of compulsory education. This week, he suggested pupils aged 14 to 16 should be able to devote up to 20 per cent of their time at school to vocational courses. The aim would be to provide "pathways" into vocational education and training after leaving school at 16.



Sir Ron added the vocational courses should initially be in one of five subjects: manufacturing; art and design; health and social care; leisure and tourism; and business and finance. This list might later be extended.

The courses would lead to an as-yet unnamed qualification that would complement, not replace, the General Certificate of Secondary Education now taken at age 16. Candidates could still take as many as seven GCSEs alongside the new qualification in a typical school timetable.

Sir Ron is considering making passes in vocational subjects dependant on passing appropriate GCSE subjects. A pass in manufacturing, for example, might require a pass in GCSE science.

The qualifications awarded for the new courses would count towards the General National Vocational Qualification (GNVQ). This "vocational A-level" is being introduced for 18-year-olds, amid controversy over whether it is rigorous enough to carry the same esteem as A-levels.

Sir Ron plans to consult widely and run pilots for two years. But he already has considerable support among employers and teachers. He also seems to have the backing of the government which is keen to see an improvement in vocational education post-16.

But the consensus in favour is not total. A leading critic is Professor Eric Bolton of London university's Institute of Education, a former chief inspector of schools. He warns the proposals risk recreating a stratified education system in which able pupils take academic subjects and the rest are fobbed off with vocational courses which would be perceived as inferior.

"Historically, whenever we've made these divisions in the past, they've become hierarchical," he says. The 1944 Education Act promised a tripartite system of grammar schools, technical schools and secondary moderns with each enjoying parity of esteem. But grammar schools were soon perceived as offering a superior education, says Prof Bolton.

Sir Ron responds to the danger that this could happen by declaring his determination to challenge the idea that vocational qualifications are inferior. "I am all too conscious of the common tendency to consider the academic as first-rate and the practical applications of knowledge and understanding as second-rate. It is a tragedy that we have the value structures we do, and I rail against them."

A key to changing these values lies in persuading employers that the new vocational qualification will meet their needs, so that students believe it is worth working for. As Prof Bolton says: "What makes German youngsters so interested in vocational qualifications is that they can't get into employment without them. If British employers made vocational education pay, youngsters would do it."

The portents are good: the Confederation of British Industry backs Sir Ron's proposals, saying they have "the potential to transform young people's learning". The CBI wants more employer involvement in the courses, as "children do not learn about manufacturing by sitting for two years in a classroom". And it believes there must be opportunities to "mix and match" vocational training with academic study.

Thus if Sir Ron can introduce a vocational qualification that employers are willing to pay for, the British education system may at last start turning out the skilled workers that continental education systems produce with apparent ease.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Working hours in decline

From Dr John Wells.

Sir, Samuel Brittan wonders (Economic Viewpoint, March 17) what has happened to the total number of hours of work being performed during the output recovery – when the continuing reduction in full-time employment is set against the rise in part-time and self-employment.

The answer can be obtained from the household *Labour Force Survey*, the results of whose autumn 1993 enquiry have just been published in a volume which also contains for the first time estimates of average actual weekly hours of work by sector of activity, for men and women – a continuation of an established series on hours worked by employment status.

In autumn 1993, a total of 830.1m hours of work were performed weekly – a slight reduction on autumn 1992 (the best period for comparison using these seasonally-unadjusted data). In fact, hours worked were down in each quarter of 1993 relative to 1992 – though by an amount that is well within sampling error.

Total hours worked are now some 15 per cent below the spring 1990 peak – one possible measure of the "output gap" (always bearing in mind that unemployment was unacceptably high even at the peak of the previous upswing).

The *Labour Force Survey* also contains the information that: the total of International Labour Organisation unemployed non-claimants, 1.037m, is 59,000 up on a year earlier; ILO unemployed 16- and 17-year-olds (mostly ineligible to claim benefit) stands at 146,000 – 7,000 higher than a year earlier; while the number of "discouraged" workers (those who would like to work but have not looked as they believe no jobs are available) stands at 184,000 – 8,000 more than a year ago. ILO unemployment among ethnic minority men stands at 24 per cent: Afro-Caribbeans (33 per cent), Indians (16 per cent) and Pakistani/Bangladeshis (30 per cent).

John Wells,
faculty of economics and politics,
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Roads programme view faulty

From Ms Lilli Matson.

Sir, In "Quarries head for the coast" (March 23), Andrew Taylor succinctly sums up the options put forward in the environment department's consultation paper on minerals extraction (MPG6). However, the conclusion that forecast demands for minerals will have to be met – either from Scottish super-quarries or by increased dredging of marine aggregates – misses a key issue: whether this is environmentally sustainable.

CPRE believes it is not and that we should be looking at ways to reduce our demand for aggregates. We have to find ways of meeting our needs and aspirations for goods and services in ways that use less building material. A good place for the government to start would be by cutting its road-building programme. New roads and road maintenance are major consumers of aggregates. A shift in transport policy away from road construction would help to reduce the number of holes threatening to appear in our coastline.

Lilli Matson,
Council for the Protection of Rural England,
25 Buckingham Palace Road,
London SW1W 0PP

Avoidance of VAT on fuel bills is no joke

From Reverend Roy D Bennett.

Sir, The portrayal of the devil in your article "Dodge that VAT" (March 19) was not without deeper significance. Surely there is something evil about a society that allows the wealthier members to escape taxation, by means of advanced payment for fuel in this case, yet insists that those poorer members must pay the tax in full. The call by John Major, the prime minister, to return to basic values has a hollow ring if it does not begin by each of us accepting our responsibility as citizens to pay our taxes.

I wonder what would be the response of the Inland Revenue if I offered to pay my mortgage in advance for five years to ensure continuing relief at 25 per cent? One law for the rich and another for the poor is no April fool's joke – despite the date on the cartoon calender.

Roy D Bennett,
(chaplain, University Hospital Nottingham),
The Yews,
225 Edwards Lane,
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Sad story

From Mr Peter Parkinson.

Sir, Buyers of books who hope to bequeath their libraries in useable condition to their children will be saddened by your report (Commodities, March 16) that "buyers are reluctant to pay adequate premiums for the chlorine-free product [paper]". Five per cent extra on the price of a book or periodical would cover the cost of paper destined to last a century or more, and I would be more than willing to pay for it. Too many of my books and periodicals bought 20 to 50 years ago are already beginning to turn brown, to disintegrate.

Perhaps there is a case for pressure by governments, such as has worked so well for "green" petrol.

Peter Parkinson,
2 Rue de la Croix,
11200 Cruscades,
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France

Statutory interest is no answer to late payments

From Mr Roger De B Hovell.

Sir, In the November budget the chancellor announced the publication of a paper discussing the merits of statutory interest on the late payment of accounts. Replies are requested by March 31 1994.

Late payment of accounts is a serious handicap to the speed of the recovery. In particular it hits at the viability of small businesses.

At first sight the idea might appear to have merits. However, on closer examination legislation would perform a disservice to small enterprises.

The reasoning behind this is as follows.

- All businesses already have the ability to charge for late payment through their terms and conditions.
- Any statutory rate is likely to be at 8 per cent (the rate of interest used by the courts) whereas businesses are free to charge a far higher figure.
- Enforcement of a statutory charge would have to be through the courts which is the present position.
- A statutory rate is likely to lead to demands from larger customers for extended credit terms.
- SMEs would be caught between pressures for earlier payment by suppliers and later payment from customers.
- Many SMEs are reluctant to press for payment and are unlikely to change their ways.
- Statutory interest might be seen to sanction late payment.
- Statutory interest could provide a further excuse for inadequate credit control.
- Legislation would erode freedom of contract.
- There is already far too much government interference in commerce without inviting further regulation.
- Despite the apparently harsh economic climate few SMEs admit to, or suffer from, slow payment, amazing as this may sound.

It is in the interest of all companies to say *no* to statutory interest.

Roger De B Hovell,
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Airport contributes £2.2m with further acquisitions being considered

Nat Express rises to £9.3m

By Tim Burt

National Express Group, the coach operator, reported a 36 per cent increase in pre-tax profits for the 1993 year following a maiden contribution from East Midlands Airport, its new subsidiary.

The Leicestershire airport, acquired for £27.1m last July, contributed £2.2m to pre-tax profits of £9.3m (£6.8m). Turnover rose from £120.6m to £139m.

Increased revenue from airline passengers helped to offset falling demand among travellers for long-distance coach services, where turnover fell from £95.1m to £92m in the face of strong competition from British Rail.

Mr Ray McEnhill, chief executive, admitted the figures had been weakened by uncompetitive pricing which led to a 6.6 per cent decline passenger journeys.

He claimed, however, that ticket sales were now picking up following fare cuts on cross-country routes, service improvements and a management shake-up.

The shake-up was dominated by the departure of Mr Keith Taylor, who resigned as managing director of the coach business last November after only a year in the job.

Mr McEnhill said the problems had largely been solved and the company had committed £3m to upgrade services, improve coach stations and introduce mechanised ticketing.

Despite the difficulties, the express coach division benefited from contributions by new acquisitions, including Scottish Citylink and Eurolines, the Dutch coach operator, and improved results from both European Coach Travel and Airport Coach Services.

The group also emphasised its determination to develop its airport business, and Mr McEnhill said it was hoping to buy other regional hubs.

Earnings per share were 16.7p (16.8p). The group is proposing its first final dividend since its December 1992 flotation with a 5p payment, taking the total for the year to 7.5p.

● **COMMENT**

A recent valuation of its East Midlands offshoot, which valued the site at £55.1m, whetted the group's appetite for the airport business. With its balance sheet thus strengthened, the group has looked at five other airports and is expected to end 1994 with another one in its portfolio. With coach services likely to recover following fare reductions and a full year contribution from airport operations, this year's profits should reach £11m. On a forward multiple of 14.5, that makes the shares an attractive long-term prospect.

Halstead rises 14% to £4.54m

By David Blackwell

A strong performance from the core flooring business was behind a 14 per cent rise in interim profits at James Halstead, the Manchester-based floor-coverings, weather-proof clothing and trailers group.

Pre-tax figures for the six months to end December were up from £3.97m to £4.54m on turnover of £31m (£27.5m). The interim dividend has been raised from 2.5p to 2.75p.

Mr Stephen Knight, finance director, said flooring sales were slightly up in the UK, where the company has about 60 per cent of the sheet vinyl market.

European sales rose, including German business, while those in Australia and south east Asia also improved. The directors said that the group has opened a Hong Kong office as a bridge for sales into China.

Group capital expenditure of £4.9m for the half-year was concentrated on the flooring division, which accounts for about two-thirds of turnover.

In July a £7m production line will be opened in Manchester, giving the group some extra capacity and a great deal more flexibility, said Mr Knight.

Both sales and profits were ahead at Driza-Bone, the Australian stockman's coat company. However, margins at Phoenix, the motorcycle accessories distributor, were under pressure from the absorption of another business and currency factors.

Conway Products, the trailer tents, trailers and security cabins business, reduced the usual first-half loss. The group, which is hoping to develop further sales away from the seasonal camping market, lifted sales of the steel security cabins used on civil engineering projects.

Net cash at the end of the half stood at £4m. Earnings per share were 10.16p (8.94p).

Capital Industries disappoints

By Tim Burt

Shares in Capital Industries fell 15p to 154p yesterday after the specialist packaging and financial services group announced a smaller than expected increase in profits from £2.45m to £4.5m pre-tax in 1993.

Mr Peter Underhill, chief executive, blamed the share price fall on the group's failure to meet profit forecasts of £5.4m.

"We made a profit but nothing like what we expected," he said yesterday.

Profits were held back by manufacturing problems at Samuel Jones, the group's laminated packaging business where anticipated production improvements did not materialise despite a £500,000 investment in new machinery.

Mr Underhill admitted second-half profits had been hit but said the subsidiary, acquired in late 1992, had increased group turnover to £74.8m (£24.3m).

Output had improved in recent months, he added.

A full year's contribution from Samuel Jones also lifted the industrial division's operating profits to £3.84m (£2.2m)

Group operating profits of £5.3m (£3m) were further boosted by £1.44m (£1m) from the financial services division – dominated by its Capital Ventures subsidiary.

Profits generated by the company – which manages £320m for enterprise zones – is expected to offset funds lost by the end of the Business Expansion Scheme, a main source of profits in the past.

Earnings rose to 12.9p (9.8p) and the final dividend is held at 2.4p for a total of 4.4p (4p).

Pittencrieff to raise £25m

By David Blackwell

Pittencrieff, which in January announced plans to split its oil and gas interests from the rapidly growing US mobile communications operation, is planning to raise £25m, net of expenses, through a placing and open offer.

The proceeds will be used to help fund the cash purchase of a 50 per cent working interest in three oil and gas fields in south Texas for $38m (£26m).

After the demerger, Pittencrieff's oil and gas business will be renamed Pittencrieff Resources and will apply for a London listing. The Texan acquisition, which is conditional on the demerger, will be made by Pittencrieff America, which will be a subsidiary of Pittencrieff Resources.

Pittencrieff Communications, Pittencrieff's 54 per cent owned subsidiary, which is traded on Nasdaq, will also apply for a London listing.

Mr Terry Heneaghan, chief executive, said the proposals should maximise value for shareholders of both Pittencrieff and Pittencrieff Communications. "The group reorganisation should produce significant commercial benefits for the two business groups, which have distinct operating, financial and investment characteristics."

An extraordinary meeting to approve both the demerger proposals and the acquisition is scheduled for May 16. A second EGM on May 23 would complete the demerger.

Pittencrieff shareholders will be offered 1 share in Pittencrieff Resources for every Pittencrieff share held and 5 shares in Pittencrieff Communications for every 24 Pittencrieff shares held. They will also be offered a cash alternative to the Resources shares.

Gladiators give boost to Hornby

By David Blackwell

The Gladiators swung into action last year to help Hornby, the games, model trains and boat maker, to report a small rise in 1993 pre-tax profits from £1.46m to £1.5m.

However, turnover was 10 per cent down from £31.3m to £28.2m, with a corresponding fall in operating profits from £1.82m to £1.64m.

Mr Alan Cox, finance director, said the UK market had been very difficult. However, sales of the Gladiator range, based on the television series and launched in August, had been very good, and were expected to continue successfully this year.

Hornby model railway sales were ahead, while Scalextric model racing car sales had held steady. The two account for over half the group's sales.

Net interest payable fell from £364,000 to £134,000, reflecting a fall in capital expenditure and lower seasonal borrowings. About two thirds of sales are made in the second half, so the group pays no interim dividend. The final dividend is maintained at 9p from earnings of 10.9p (11.5p).

The group, which ended the year with net cash of £4.3m (£3.1m), reduced its operating costs from £8.8m to £7.3m. But the savings were offset by weaker sterling, which took about £900,000 off the profits compared with 1992. Many of its toys are imported from the East Asia and paid for in dollars.

The Fletcher speed-boat business broke even on turnover of around £3m.

Macallan-Glenlivet down but confident

By Tony Jackson

Profits at Macallan-Glenlivet, the once high-flying Scottish malt whisky distiller, fell last year for the second time running. However, the company predicted a profits recovery this year and raised the dividend by 20 per cent.

Pre-tax profits for 1993 were down 19 per cent from £7.04m to £5.7m, on sales 7 per cent lower at £15.5m. Sales of new whisky fillings to the trade were down by over 20 per cent by volume for the second year running, though prices were marginally ahead.

Earnings per share were down from 4.45p to 3.62p. The final dividend is 0.74p (0.615p) making a 1.1p (0.915p) total.

Though the company's net cash position was broadly unchanged, interest receivable fell from £852,000 to £555,000 as a result of lower rates.

Bottled sales of Macallan malt whisky, which make up most of the company's turnover, showed little change on the year, said managing director Mr William Phillips. This was because of high stocks in the trade at the start of the year. "We should see some movement this year", he said.

Prices were up slightly last year, but margins had been affected by higher promotional costs.

The company expects a further decline in new fillings this year, but said the Macallan brand is moving into a new phase of development. Mr Phillips said higher levels of stocks previously laid down were now maturing, leading to much greater availability of the product.

Frogmore jumps 74% to £7.3m in first half

By Simon Davies

Frogmore Estates, the property investment company, announced a 74 per cent increase in pre-tax profits from £4.17m to £7.26m for the six months to December, aided by increased rental income from acquisitions.

The company has built up its portfolio and has invested more than £70m on properties since June 1993, when it announced a £42m rights issue. Some £45m of this has been invested in trading properties, the directors stated.

Activity has also picked up in Frogmore's joint venture housebuilding business, which is expected to sell 700 units in the current year, compared with 443 last time.

Turnover increased by 34 per cent from £22.2m to £29.7m while operating profits rose 51 per cent to £9.62m (£6.35m).

The 1992 figure was held back by a £1.53m charge, related to litigation. Without this distortion, operating profits would have risen 22 per cent, directors pointed out.

The interim dividend is 3.8p, compared with 3.6p.

Earnings per share were 13.4p (6.7p), helped by a reduced tax charge from the release of earlier provisions.

Borrowings were £74.3m at December 31, representing gearing of 37 per cent. Debt servicing cost £2.74m for the half year, compared with an annual rent role that has grown to £24.4m.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Atlas Converting	fin	15†	June 6	15	22	22
Breedon	fin	2.85	Mar 27	2.85	4.6	4.6
Capital Inds	fin	2.4	May 19	2.4	4.4	4
Frogmore	int	3.8†	Apr 29	3.6	-	16
Garton Eng	fin	3.375	Jul 1	3	4.5	4
Halstead (James)	int	2.75	June 1	2.5	-	6.5
Hornby	fin	9	May 18	9	9	9
Lon St.Lawrence	int	3.12	May 23	-	-	4.12
Macallan-Glen	fin	0.74	May 16	0.615	1.1	0.915
National Express	fin	5†	May 12	-	7.5	-
Newman Tonks	fin	3.67	May 27	5.5	6.2	9.3
Portmeirion	fin	6.75	June 2	5.5	9	7.75

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

Portmeirion 14% ahead to £4.18m

Portmeirion Potteries, the pottery maker, achieved a record £4.18m in pre-tax profits for the year to December 31, a 14 per cent rise on the £3.67m for 1992.

Turnover improved by 9.6 per cent to £24.6m (£22.5m) with sales in the UK 17.2 per cent ahead and in continental Europe 21.4 per cent better. Production difficulties in the glazing department of the Stoke factory, however, led to low stocks in the US and sales there grew by just 2.7 per cent.

Operating profits on continuing activities improved to £4.12m (£3.7m) and the pre-tax result was after a £109,000 (£189,000) contribution from associates and reduced net interest charges of £54,000 (£224,000).

Earnings per share emerged at 28.42p (22.67p) and the dividend is lifted to 9p (7.75p) with a proposed final 6.75p (5.5p).

Mr George Hesp, managing director, said 1994 had started well, with orders being taken for the group's new china, marketed in five patterns, which would be in the shops in May.

Garton £0.2m in the black after land sale

A profit of £275,455 from the sale of land stocks enabled Garton Engineering to show a pre-tax profit for 1993 of £210,000 against £254,000.

Turnover for this manufacturer of engineering components and fasteners was little changed at £20.22m (£20.19m).

Mr Aubrey Garton, chairman, said that the markets had been severely depressed resulting in reduced demand and severe competition.

He said there had been a Jmarked increase in orders intake in the present this year, although some was at lower margins.

Operating profits were unchanged at £432,000. However, there was a higher interest charge of £222,000 (£178,000) despite a 13 per cent fall in borrowings over the year. Year-end gearing was 36 per cent, against 41 per cent.

Earnings per share came out at 3.7p (4.83p) and a proposed final dividend of 3.375 makes a total for the year of 4.5p (4p).

Newman Tonks sees benefits of changes

By Paul Cheeseright, Midlands Correspondent

Newman Tonks, the architectural hardware group, emerged from a spell of extensive reorganisation with a sharp increase in pre-tax profits for the year to December 31.

Profits were £15.8m, against £4.36m, restated for FRS 3, for the 14 months to December 1992 as the group changed its year-end.

The comparable figure was depressed by provisions of £6.81m for the sale or closure of unwanted subsidiaries. There was an exceptional credit this time of £266,000, being the losses on disposals offset by the release of provisions.

Earnings per share were 7.6p, compared with losses of 0.65p. With the exceptional items stripped out, earnings were 7.38p, against 5.22p.

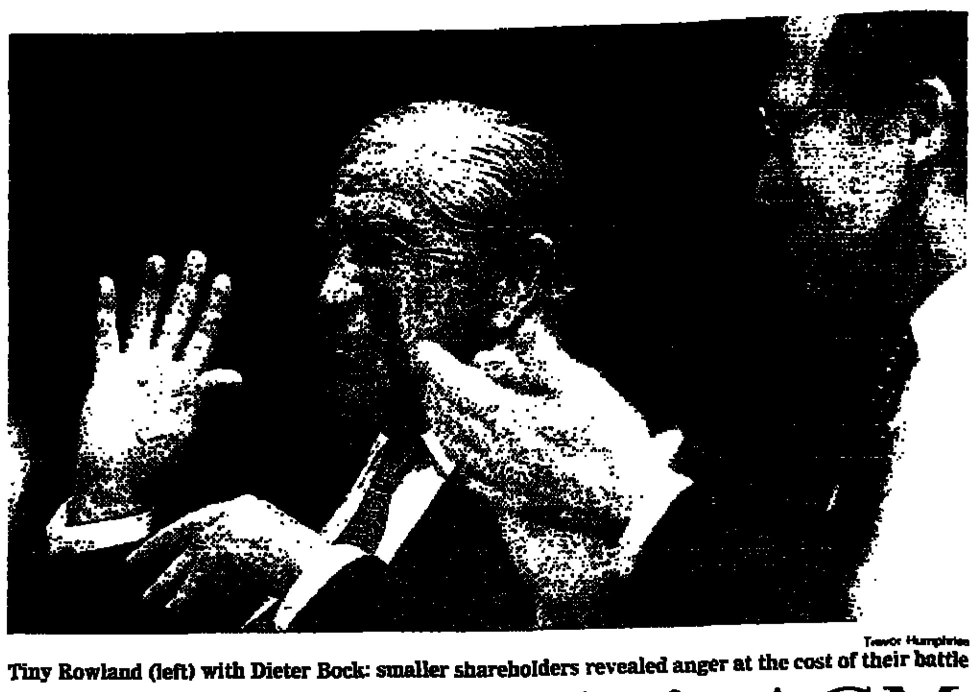
In line with the intention, announced last September, of bringing dividends more closely into line with earnings, the proposed final is 3.67p, for a total of 6.2p, against 9.3p. The previous total was a factor in lifting gearing to 39 per cent at the year end, against 29 per cent 12 months earlier.

Turnover was £257.6m (£266.5m), including £730,000 (£7.55m) from discontinued activities and £6.95m from acquisitions. Operating profits were £17m (£12.1m), with continuing activities showing a 17 per cent advance.

The rise reflected the revival of demand in the US and the continued strength of the locks and security businesses.

● **COMMENT**

Newman Tonks has been through a bridging year. The main costs of reorganisation were taken in 1992 but recovery of demand in its main markets, the US excepted, is for this year or perhaps 1995. Once that recovery does come, then lower costs and the results of investment, which continues at £8m a year, should have a quick effect on the bottom line. In other words, the group is ready to ride up the cycle to pre-tax profits of, perhaps, about £19m this year. This would give earnings per share of 10.5p which, at yesterday's price of 169p, puts the shares on a prospective multiple of 16 and suggests that, general market conditions permitting, they have a distance yet to run.



Trevor Humphries

Tiny Rowland (left) with Dieter Bock: smaller shareholders revealed anger at the cost of their battle

Dissent at Lonrho's AGM

By Simon Davies

Mr Tiny Rowland and Mr Dieter Bock made great show of their "renewed friendship" at Lonrho's annual meeting yesterday, but smaller shareholders expressed anger at the cost of the joint chief executives' battle for control.

The focus of resentment was a £2.4m payment to four supporters of Mr Rowland, as compensation for their retirement from the board. It is a move which shifts the balance of power in favour of Mr Bock.

The fairly cordial tone of yesterday's meeting took a sharp turn when this compensation was put to the vote. A barrage of criticism was followed by only marginal approval, of 134 votes to 117, in the first round.

The subsequent three rounds of voting seemed to sway further against the proposals, to the visible discomfort of the four directors.

The chairman demanded a poll, which included the proxy votes of institutions, and achieved overwhelming support. The company had already held 260m proxies in favour and only 25m against.

Bitter shareholders questioned the purpose of having a vote, but they did succeed in tarnishing what was meant to be a celebration of "a year of rationalisation and major progress".

Mr Rene Leclézio, the outgoing chairman, also dented the image of unity put forward by the joint chief executives.

In the chairman's speech, prior to the vote, Mr Leclézio called upon colleagues "not to destroy the unique character of Lonrho by trying to turn it into a faceless company".

This refers to Mr Bock's attempts to introduce a more conventional corporate and management structure in an attempt to regain the support of the City.

Mr Rowland seemed to get the popular vote yesterday – one shareholder suggested that political donations should be used to earn him a "well-deserved" place on the honours list – but Mr Bock can feel satisfied with events.

Despite vocal opposition and large expense, four supporters of Mr Rowland will be removed from the board. This enables Mr Bock to consolidate his position of power in a company that 12 months earlier was considered a one-man concern.

Next buys Clydesdale consumer credit side

By Maggie Urry

The break-up of Clydesdale Group, the Scottish-based electrical retailer which went into receivership in January, continued yesterday with the purchase by Next, the fashion retailer, of Clydesdale's consumer credit business.

Next's Club 24 subsidiary provides consumer credit and services for Next and other businesses such as Kingfisher, British Telecom, Yorkshire Water and Yorkshire Electricity. The Next credit card now accounts for less than a fifth of Club 24's business.

Next is paying some 23.5m for the business. The assets are mainly consumer credit receivables resulting from sales made in Clydesdale stores. Next is buying the receivables on a discounted cash flow basis, with most expected to be collected over the next 18 months. It said it expected to develop additional business following the purchase.

Grant Thornton, the receivers, have now made sales totalling about £65m, compared with claims of creditors estimated at about £80m. There are three businesses left – about 70 high street shops, the servicing business and a captive reinsurance company.

However, Grant Thornton was not optimistic that sales of these activities would add significantly to the total proceeds.

Beazer and Maid sink below their flotation prices

Two newly-floated groups saw their shares fall to a discount in first day's trading yesterday.

Maid, the business information supplier, closed at 102p, an 8p discount to the offer price. Beazer Homes, the housebuilder sold by Hanson, closed at 162p, 3p short of its price.

Maid, set-up nine years ago, came to market earlier this month via a placing of 11.5m shares representing 14 per cent of the share capital.

Beazer saw 53.7m shares traded. Since the issue was priced the FT-SE 100 index has fallen 3.6 per cent. A total of 280.8m shares were sold, of which a quarter were offered to the public. This part of the issue was only 1.3 times subscribed.

NEWS DIGEST

House of Fraser float successful

House of Fraser, the department store group, is expected to announce on Monday that the public element of its flotation has been "comfortably oversubscribed".

Applications for the offer, which closed yesterday were still being counted last night. But it is thought that at least 70,000 private investors applied, most of them subscribing for between 200 and 500 shares, priced at 180p.

House of Fraser's directors are meeting with brokers SG Warburg today to decide the basis of allocation, also to be announced on Monday. Smaller investors are expected to be favoured.

The flotation comprises 229.6m shares, valuing the group at £413.3m, of which 75 per cent are being placed with institutions. Dealings begin on April 6.

Breedon slips to £1.62m

For the year ended January 31 1994 pre-tax profits of Breedon, the limestone quarrying and housebuilding concern, slipped from £1.82m to £1.62m despite a rise in turnover to £9.69m, against £8.73m.

Earnings per share were 3.86p (4.41p) but the dividend is maintained at 4.6p with an unchanged final of 2.85p.

The directors stated that in quarrying, continued low demand pressurised margins, while latterly a wet winter restricted sales.

Delaney back in the black

Delaney, the shopfitter and joiner, returned to the black in 1993 with pre-tax profits of £210,000, compared with restated losses of £5.33m last time.

Turnover from continuing operations increased by 15.8 per cent to £15.7m (£13.6m). The turnround followed a £187,000 loss in the first half.

Earnings per share at the year end were 0.5p (9.9p losses). There is no dividend.

Atlas Converting falls to £4.07m

Atlas Converting Equipment, the manufacturer of slitting and rewinding machines, yesterday announced a fall in pre-tax profits from £5.03m to £4.07m for 1993 on turnover down slightly at £44.6m against £46.4m.

Earnings per share were 28.8p, compared with 41p, but the dividend is held at 22p with a same-again final of 15p.

F&C US Smaller Cos assets rise

Net asset value per ordinary share of the Foreign & Colonial US Smaller Companies improved from 98.6p to 109.2p over the six month period to December 31. By end-February the figure had increased to 114.4p.

Available revenue for the period from incorporation in January 1993 to the end of December was £223,000 equal to earnings of 0.45p. In the period to June 30 revenue was £244,000.

Premium Trust net asset value at 97.5p

Premium Trust, the Lloyd's insurance investment trust which came to the market in December, reported net asset value per share of 97.5p at February 28.

Net revenue for the interim period from December 10 to the end of February was £26,895 for earnings per share of 0.39p. The interim dividend is 0.25p.

Piper European Smaller for market

Piper European Smaller Companies Trust is coming to the stock market via a placing and offer for subscription.

It is offering up to 30m ordinary shares – with warrants attached on a 1-for-5 basis – at 100p each. The minimum investment is £1,000.

Piper will invest mainly in quoted European smaller companies with market capitalisations of up to £250m and its objective will be long-term capital growth.

Charterhouse Tilney has underwritten 10m ordinary shares, of which 9.7m have been placed with institutional and other investors.

Dealings are expected to start on April 11.

Culver expands 67% to £544,000

Pre-tax profits of Culver Holdings, the retail motor dealer, expanded by 67 per cent from £326,000 to £544,000 for 1993 from turnover well ahead at £32.6m, compared with £21.4m.

The directors stated that initial indications for the current year were such that they believed the acquisitions made during last year, "will make an improved and important contribution to the group's 1994 results". Earnings per share were 0.9p (0.56p) while the dividend is lifted from 0.2p to 0.25p with a final of 0.14p.

Ticketing £614,000 in the black

Ticketing Group, which provides ticket sales and event management services and computerised ticketing systems, announced pre-tax profits of £614,000 for the year to December 31. In 1992 there were losses of £13.3m after exceptional charges of £11.3m.

The USM-quoted company had operated as a joint venture between Expedier and Wembley and was only constituted in its present form in February 1993 when its refinancing and reorganisation was completed.

Turnover amounted to £47.9m (£7.1m) with £44.7m from acquisitions. Earnings per share came through at 0.09p against losses of 14.57p.

Sphere Investment net assets ahead

Sphere Investment Trust raised net assets in 1993 from 75.57p to 85.58p per zero dividend share, and from 24.41p to 54.35p per income and residual capital share.

Net revenue increased from £4.79m to £5.29m for the year and earnings per income and capital share came to 4.33p (3.92p). A fourth interim dividend of 1.15p (0.85p) makes a total for the year of 3.4p (3.1p).

Sphere said it was considering proposals to be put to shareholders for the continuation of the trust after October 1995. Options included an extension of the trust in its present form, and the establishment of a newly created vehicle with similar objectives to the present trust.

Advisers to power sale appointed

The Government has announced that Barclays de Zoete Wedd and Kleinwort Benson have been appinted joint advisers on the sale of the Government's 40 pc stake in National Power and PowerGen, expected next Feb.

Kleinwort is broker to PowerGen. PowerGen said yesterday that Kleinwort would step down temporarily during the sale and a replacement appointed.

Inspec offer oversubscribed

The intermediaries offer for shares in Inspec, the speciality chemicals company, was over eight times subscribed with applications received for more than £141m of shares. Intermediaries have been allocated about 12 per cent of the number of shares for which they made applications on a pro rata basis. Monies in respect of excess applications were returned to intermediaries yesterday.

Inspec is coming to the market with a valuation of £136.4m following a £49.5m share sale. Of these, £32.3m were placed by stockbrokers Cazenove with its clients. Morgan Grenfell was sponsor to the issue.

London & St Lawrence

Net revenue of London and St Lawrence Investment amounted to £1.69m for the six months ended February 28 1994, against £513,323 and not for 12 months as stated in the edition of March 23.

BHP earnings advance to A$284.2m in third period

By Nikki Tait in Sydney

Broken Hill Proprietary, Australia's largest industrial company, posted an after-tax profit of A$284.2m (US$203m) for its third quarter. The group was lifted by a continuing improvement in its steel division and a record result from mineral interests.

The figure compares with A$225.9m in the same period of 1992-93, and is scored on revenues of A$4.08bn, against A$4.09bn.

It means that BHP has earned A$924.2m after tax in the nine months ended February, compared with A$727.7m at the same stage a year ago.

Undiluted earnings per share, for the first three quarters, stood at 69.1 cents, up from 56.6 cents last time.

In operating profit terms, after tax but before finance charges, the minerals division saw a 10.9 per cent advance, to A$209.2m. BHP said the record figure was due to the consolidation of results from the Ok Tedi mine in Papau New Guinea – which performed strongly after shipments were resumed in December following the local drought – and to higher shipments of copper, manganese, Indonesian and western US coal.

The exchange rate with the US dollar, after hedging, was helpful, although lower realised prices for most commodities partially offset this benefit.

A rise in the domestic market helped profits in the steel division, as did lower unit costs resulting from higher production levels and cost-cutting programmes.

The division made A$103.5m, compared with A$39.3m last time.

The petroleum business, hit by falling oil prices but benefiting from a lower Australian tax rate, contributed A$114.7m, an 8.1 per cent increase – although results for last year were affected by losses on the disposal of US gas properties. The service companies made A$13.1m against A$10.1m.

For the group overall, interest charges fell to A$60.7m, compared with A$77.2m in the third quarter of 1992-93.

HK property group rises 31%

By Louise Lucas in Hong Kong

Sun Hung Kai Properties, one of Hong Kong's leading property developers controlled by the Kwok family, yesterday posted a strong rise in first-half profits and announced a higher dividend.

Net profits rose to HK$4.2bn (US$545m) for the six months ended December, an increase of 31 per cent over the HK$3.2bn of a year ago.

The company, which derives about 65 per cent of operating profit from property sales, generated HK$8.2bn in sales during the first half. Sales for the first three months of the second half were "very encouraging," the group said.

Since July the group has acquired four sites with an aggregate developable gross floor area of about 1.4m sq ft. It owns 12.6m sq ft of investment properties throughout the colony. The rental portfolio was almost fully let, the company said. Its total land bank in Hong Kong is 40m sq ft

SHK Properties received about HK$4bn cash from the conversion of 1993 warrants in the fourth quarter of that year.

Mr Walter Kwok, chief executive, said: "The outlook for the property market in Hong Kong remains optimistic. Because of continuing strong demand for housing, residential property prices will stay firm. While local interest rates are heading upwards, moderate increase in the prime rate is expected to have only a minimal impact on prices."

Earnings per share for the six months rose 25 per cent to HK$1.94. The directors are recommending a dividend of 53 cents against 45 cents in the first half of last year.

Orient Overseas renews payout

By Louise Lucas

Orient Overseas (OOIL), the Hong Kong shipping group, yesterday underscored its turnround in fortunes – brought about largely by non-recurring factors – by awarding shareholders its first ordinary dividend since 1985.

Net profits rose to US$136.5m in 1993, compared with $1.5m the previous year, and the directors recommended a dividend of 1.3 cents.

Results were buoyed by the the sale of the group's remaining interest in the Hongkong International Terminals group for $120.1m, which was taken above the line.

While the core shipping activities still suffered from competition and over-supply, investments performed well. Mr C. H. Tung, chairman, warned: "The group's investment portfolio benefited from increased bond values and buoyant equity markets, particularly in Hong Kong and south-east Asia. Substantial returns on the portfolio were achieved. However, the group believes it is unlikely that these returns will be repeated in 1994."

OOIL held cash balances and portfolio investments of $477.7m at December 31 1993, compared with $260.1m a year earlier.

The group has ordered six new container vessels costing $484m, and expects further improvement in container transport business as a result of higher load factors. Strategic investment in China began last year with a property development project.

Operating profit after financing last year rose to $17.4m, which compares with a loss of $28.2m in 1992. Earnings per share rose to 27.7 cents against a 1.6 cent loss.

Losses at INI widen as Iberia slumps

By David White in Madrid

Losses at Spain's state holding group Instituto Nacional de Industria soared by 69 per cent last year to Pta125bn ($893m), reflecting deteriorating results in steel and shipbuilding and a sharply increased deficit at Iberia, the national airline group.

However, Mr Javier Salas, chairman, expressed cautious optimism for an improvement this year and said the group had to become "smaller and much stronger" in the next few years.

Group borrowing at the end of last year was Pta2,300bn, roughly the same as annual turnover.

INI's shareholdings in steel production accounted for half the total loss.

Losses at Iberia and its subsidiaries doubled to Pta69bn, weighed down by the company's interests in Latin America.

These include Aerolíneas Argentinas, where Iberia has just reached agreement on increasing its stake from 30 per cent to 85 per cent through conversion of debt.

Other heavy losers were the Inespal aluminium company and arms manufacturer Santa Bárbara.

The latter is due to shed two-thirds of its 3,000-strong workforce with the closure of five of its nine manufacturing sites.

The group's more successful interests, brought together under Grupo Teneo and excluding INI's holdings in mining, defence, steel and shipbuilding, remained in profit but with net earnings sharply reduced to Pta8bn from Pta21bn, mainly reflecting the losses at Iberia.

Capital goods subsidiaries and the aerospace company CASA moved into profit.

However, the group continued to rely heavily on earnings from Endesa, the partly-privatised electrical utility, which rose about 10 per cent to Pta117bn.

A further 10 per cent of Endesa, in which Grupo Teneo now holds 75 per cent, is due to be sold off shortly.

Strong growth at Société Générale

By Alice Rawsthorn in Paris

Société Générale last year bucked the downturn in the French banking industry to increase net profits by 10.5 per cent to FFr3.61bn ($612m) from FFr3.28bn in 1992.

The bank is stepping up its dividend by 6.7 per cent to FFr16 a share.

Mr Marc Viénot, chairman, said a strong performance from market trading activities had helped to counter the negative effect of the sluggish banking market.

He said the group was on course for another increase in profits during 1994.

The news of Société Générale's profits growth came only a day after Crédit Lyonnais, one of its chief competitors, announced a FFr6.9bn net loss for 1993.

Crédit Lyonnais disclosed details of a FFr44.9bn rescue package it has negotiated with the French government.

Société Générale, like Crédit Lyonnais, has been adversely affected by the impact of the economic recession on the French banking market.

However, it has been less vulnerable to the downturn, having adopted a more prudent approach to lending, acquisitions and provisioning in the approach to the recession.

The group saw its net banking income increase by 10.4 per cent to FFr40.35bn in 1993 from FFr36.55bn in 1992.

However, it managed to restrict the increase in its costs to 8.5 per cent at FFr28.04bn in 1993 from FFr25.85bn in the previous year thereby fuelling a 15.1 per cent increase in operating profits to FFr12.31bn from FFr10.7bn over the same period.

Marc Viénot: sees another profits increase during 1994

Mr Viénot said most of the increase in operating profits came from market trading. Société Générale, like other Gallic banks, last summer made large profits from its dealings in the French franc during the European currency crisis.

However, the group was forced to make new provisions of FFr7.21bn, a 15.2 per cent increase over FFr6.26bn in 1992.

Mr Viénot said the bulk of these provisions were write-downs on commercial loans and property holdings.

● M6, the French television station due to be floated this year, reported a 60 per cent increase in net profits to FFr169.2m for 1993.

The company is owned by a group of institutional investors including Lyonnaise des Eaux-Dumez.

SAS cuts deficit to SKr492m

By Hugh Carnegy in Stockholm

Scandinavian Airlines System (SAS) yesterday reported a 35 per cent reduction in losses for 1993 and predicted it would return to profit this year.

The airline, in the midst of a tough cost-cutting operation following the failure last year of Alcazar, the planned four-way pan-European airline merger, said pre-tax losses reached SKr492m ($62.3m) in 1993, compared with a loss of SKr760m in 1992.

In spite of a more positive outlook for 1994, Mr Jan Reinas, the outgoing chief executive, strongly criticised the commission of the European Union for a recent report which proposed that big loss-making airlines in the EU should be allowed a further round of state subsidies.

Mr Reinas, to be succeeded on April 1 by Mr Jan Stenberg, called the proposal unethical and complained that SAS was not competing on "a level playing field".

SAS turnover rose to SKr39.1bn from SKr34.4bn as heavier international traffic lifted traffic volumes by 6 per cent. But operating costs grew more sharply than sales to SKr37bn from SKr31.5bn.

Operating profit fell as a result to SKr249m from SKr1.4bn. The improvement in the pre-tax deficit was due mainly to a profit of SKr810m from the sale and leaseback of six Boeing 767-300 aircraft. Other sales, including two catering subsidiaries, raised a further SKr556m.

SAS, jointly owned by Danish, Norwegian and Swedish companies in which each government has a share, faces further deregulation this year in the internal Nordic market.

However, it said it should return to profit partly through the effects of a SKr3bn cost-cutting programme of disposals and 2,900 job cuts introduced since the collapse of Alcazar.

Vard plans to spin off ferry division

By Karen Fossli in Oslo

Vard, the troubled Norwegian cruise and ferry group, plans to spin off its ferry division into a separate company with an Oslo bourse listing and put the company up for sale.

Vard said the reason behind the move was to help run down the interest-bearing debt of the holding company, estimated at about $185m.

In 1993, the holding company, which owns the ferry division, spent NKr73m ($9.9m) on debt servicing, down from NKr107m in 1992. It received bareboat hire payments from the ferry division of NKr118m, against NKr114m in 1992.

The company said it did not intend to retain any shareholding in the new company – in contrast to an earlier plan in which it planned to maintain a stake of up to 30 per cent in the ferry business.

Vard has appointed Elcon Securities and Sundal Collier, two Norwegian stockbrokers, to find buyers for the ferry division. Vard reckons it could take up to three months to complete a disposal.

In 1993, the ferry division saw pre-tax profits, after bareboat hire payments, decline to NKr78.6m from NKr123.4m in 1992.

UAL close to buy-out deal

UAL, the parent company of United Airlines, is close to final agreement with its unions on a sale of 53 per cent of the company's stock to employees, writes Martin Dickson in New York.

The $5bn buy-out, which would make UAL the largest employee-owned company in the US, was agreed in principle last December, but hit a problem when the company and unions failed to meet a deadline of March 15 for employee work rule concessions.

Deutsche Bank wins auction for Veba stake

By Christopher Parkes in Frankfurt

Deutsche Bank is to pay Frankfurt, Germany's most indebted city, about DM650m ($382m) for its 2.88 per cent stake in Veba, the energy-based conglomerate.

The bank emerged yesterday as the winner in a US-style auction handled by private bankers B. Metzler seel Sohn.

Mr Andreas von Schoeler, the Social Democrat mayor, said the shareholding had been sold to cut the city's annual interest payments on net debts of about DM7bn.

The sale had been timed in the light of the relatively modest 4 per cent dividend yield on the holding and the strength of Veba's share price. Deutsche is to buy the 1.33m shares for DM470 to DM495, compared with yesterday's closing price of DM485.50.

COMMODITIES AND BOND PRICES

WEEK IN THE MARKETS

Coffee market hits 4-year high

Coffee producers had the satisfaction this week of seeing the initial target of their export retention scheme achieved. On Thursday the retention indicator price for arabica varieties (grown mostly in Latin America) exceeded 75 US cents a pound, triggering the reduction of the amount of beans they are committed to put into storage from 20 per cent of export shipments to 10 per cent.

Further encouragement was given by the fact that the news appeared to do no damage to market sentiment on either side of the Atlantic. On the day of the cut the July futures price on the New York futures market – which trades arabicas – rose by 0.40 to 85.05 cents a pound, while at the London Commodity exchange – which trades the coarser robusta type, grown chiefly in Africa – the May futures price ended up $13 at $1,360 a tonne. During the day the London price had touched $1,368 a tonne, the highest since the abandonment of the International Coffee Organisation's export quota system in 1989 triggered a market collapse.

Some traders suggested the market had become "overbought" as the May price rose $26 to $1,358 a tonne over the week, but they suggested any retracement would be relatively brief. With consumer stocks continuing to decline, most saw the market extending the 48 per cent advance it has registered since the retention scheme was agreed last July.

The silver market also reached the highest level for more than four years this week, as US investment funds continued to buy and speculators were thought to be targetting the $6 a troy ounce barrier for spot metal. But the technical chart barrier at $5.75 an ounce must be overcome first, and this week's upsurge stopped just a quarter of a cent short of that before edging back to $5.70½, up 29 cents overall.

Gold fed off silver's strength, and as Korean tensions were added to concern about the pre-election situation in South Africa its price pushed above $490 an ounce to two-month peaks on both Thursday and Friday. But having failed to hold its gains on either occasion it closed relatively tamely yesterday at $389.40 an ounce, up $3.20 on the week.

Platinum was also sensitive to situation in South Africa, and particularly in the homeland of Bophuthatswana, where around 20 per cent of the white metal is produced. After putting on $4 in each of the past two days the London price was fixed yesterday at $408.75 an ounce, up $8.35 on the week.

At the London Metal Exchange copper and aluminium prices surrendered some of last week's gains, the former ending $11.75 down at $1,956.75 a tonne and the latter $14 down at $1,332.50 a tonne, both prices being for three months delivery.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+500	to 2,598,650
Aluminium alloy	-360	to 45,460
Copper	-4,000	to 514,975
Lead	+550	to 332,100
Nickel	+138	to 136,338
Zinc	+5,775	to 1,097,225
Tin	+335	to 23,915

But copper had ended the week with its tail up. After finding firm support below $1,930 yesterday morning it climbed strongly, helped by another fall in LME warehouse stocks. Aluminium also found support below Thursday's closing level, which enabled it to put on $6.

Copper's rally helped to steady other LME base metals contracts yesterday, notably lead, which early on had been moving closer to a widely-predicted test of support at $450 a tonne for three months metal. After dipping to $460.25 at one stage the price recovered to $465.75, up 25 cents on the day but down $14 on the week.

Richard Mooney

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1993/1994 High	1993/1994 Low
Gold per troy oz.	$389.40	+3.20	$332.46	$405.75	$326.05
Silver per troy oz	381.50p	+18.00	249.50p	381.50p	236.00p
Aluminium 99.7% (cash)	$1309.0	-14.5	$1140.0	$1323.50	$1023.50
Copper Grade A (cash)	$1946.5	-10.5	$1442.0	$2375.00	$1108.50
Lead (cash)	$452.5	-13.5	$269.75	$510.50	$361.50
Nickel (cash)	$5685.0	-30.0	$6095.0	$6340	$4043.5
Zinc SHG (cash)	$946.0	-10.0	$991.5	$1112	$868.0
Tin (cash)	$5455.0	-90.0	$5680.0	$6047.5	$4340.0
Cocoa Futures May	£933	-21	£887.0	£1061	£863
Coffee Futures May	$1358	+26	$890.0	$1360	$838
Sugar (LDP Raw)	$296.20	+2.20	$287.3	$317.4	$204.5
Barley Futures Sep	£94.20	+0.30	£106.75	£110.30	£93.85
Wheat Futures Jun	£108.90	+1.75	£143.50	£149.45	£97.20
Cotton Outlook A Index	82.30c	+1.10	60.85c	82.60c	54.15c
Wool (64s Super)	392p	+2	370p	403p	319p
Oil (Brent Blend)	$13.91x	+0.64	$18.75	$19.53	$13.25

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x May.

Spot:1.4979 3 mths:1.4931 6 mths:1.4901 9 mths:1.4878

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Mar	91.40	+1.40	91.55	90.65	1,620	518
Apr	91.35	+1.45	91.45	90.55	1,127	44
May	91.30	+1.50	91.45	90.45	41,777	8,327
Jun	91.20	+1.45	91.00	90.70	876	161
Jul	91.10	+1.40	91.20	90.30	13,878	1,074
Aug	91.05	+1.40	-	-	488	4
Total					N/A	10,433

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	389.20-389.60	
Opening	391.50-391.90	
Morning fix	391.80	261.409
Afternoon fix	391.30	260.867
Day's High	392.40-392.80	
Day's Low	388.20-388.60	
Previous close	387.00-387.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)
1 month ....3.24 6 months 3.51
2 months ....3.33 12 months 3.86
3 months 3.38

Silver Fix	p/troy oz.	US cts equiv.
Spot	382.15	573.00
3 months	386.90	578.10
6 months	391.95	584.30
1 year	402.50	596.00
Gold Coins	**$ price**	**£ equiv.**
Krugerrand	393-396	263-265
Maple Leaf	399.75-402.25	-
New Sovereign	94-97	63-66

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	141.25	+0.50	142.25	141.25	23,142	2,184
May	140.25	+0.25	141.25	140.25	17,710	1,210
Jun	140.25	+1.00	140.75	139.75	20,067	718
Jul	141.50	+1.00	141.50	141.00	12,427	159
Aug	143.00	+1.00	143.00	142.75	5,605	111
Sep	144.75	+0.50	145.00	144.75	3,438	76
Total					106,377	9,118

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
May	2.095	+0.045	2.120	2.075	872	23,787
Jun	2.090	+0.022	2.110	2.085	17,874	16,629
Jul	2.100	+0.014	2.120	2.095	10,870	5,817
Aug	2.111	+0.004	2.140	2.111	10,027	2,107
Sep	2.150	+0.005	2.165	2.140	9,885	1,561
Oct	2.190	+0.002	2.205	2.190	10,636	859
Total					114,411	54,748

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	46.40	-0.26	46.85	46.25	22,732	9,614
May	46.95	-0.20	47.30	46.80	47,965	8,012
Jun	47.35	-0.13	47.50	47.25	24,304	3,654
Jul	47.40	-0.12	47.50	47.30	9,984	942
Aug	47.10	-0.12	47.15	47.10	8,304	738
Sep	46.70	-0.10	46.70	46.70	5,035	178
Total					122,511	23,401

■ FREIGHT (BIFFEX) LCE ($10/index point)

Mar	1203	-10	-	-	284	-
Apr	1279	+7	1280	1277	977	31
May	1270	+6	1270	1270	626	15
Jul	1148	+5	1145	1145	565	3
Oct	1285	+5	-	-	215	-
Jan	1318	-2	-	-	139	-
Total					2,896	49

	Close	Prev
BFI	1194	1190

Spices
Black pepper prices were again firmer because of the limited availability, reports Man Producten. The harvest is almost over in India and Brazil and Indonesia have not been eager sellers. White pepper prices also remained steady, although demand for nearby positions was slow. Buying interest for new crop positions was picking up in Europe, however. Muntok/Sarawak faq was quoted at US$2,900 a tonne for spot supplies, with March-April shipment at $2,875 and July-August at $2,700. Nutmeg prices were firmer on the local market in Indonesia, where carryover stocks are smaller than usual and estimates of the new production low. Grenada certainly will not spoil the market, so there is room for firmer prices again. Cassia was still weak, as were pimentos and cloves.

■ COTTON NYCE (50,000lbs; cents/lbs)

May	77.07	-0.18	77.25	76.60	22,047	6,156
Jul	77.59	-0.03	77.75	77.05	14,653	2,894
Oct	74.20	-0.20	74.26	73.80	2,815	346
Dec	71.73	-0.11	71.80	71.37	14,419	1,367
Mar	72.63	-0.27	72.75	72.40	739	26
May	73.38	-0.07	73.50	73.50	227	2
Total					54,943	10,781

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

May	110.35	-0.10	110.70	110.25	7,929	232
Jul	113.15	-0.25	113.50	113.10	5,696	101
Sep	115.75	-0.25	116.20	115.75	2,213	26
Nov	114.45	-0.05	114.70	114.50	1,243	19
Jan	114.85	+0.05	115.00	114.90	1,828	69
Mar	116.75	+0.35	117.25	117.25	218	6
Total					19,129	453

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Mar 25	Mar 24	month ago	year ago
1848.5	1843.9	1793.4	1744.4

■ CRB Futures (Base: 4/9/56=100)

Mar 24	Mar 23	month ago	year ago
230.84	230.10	228.38	211.35

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/04	114.4500	–	7.17	7.25	6.95
Belgium		7.250	04/04	98.9900	-0.060	7.39	7.22	7.02
Canada *		6.500	06/04	92.0000	+0.050	7.64	7.44	7.01
Denmark		7.000	12/04	99.5500	-0.820	7.06	6.80	6.69
France	BTAN	8.000	05/98	106.8750	-0.420	5.76	5.76	5.42
	OAT	5.500	04/04	92.0000	-0.100	6.61	6.37	6.24
Germany		6.000	09/03	97.3000	-0.680	6.38	6.27	6.13
Italy		8.500	01/04	94.4600	-0.030	9.38†	9.34	8.94
Japan	No 119	4.800	06/99	105.9920	+0.330	3.45	3.52	3.25
	No 157	4.500	06/03	102.6100	+0.210	4.11	4.10	3.59
Netherlands		5.750	01/04	94.3600	-0.020	6.54	6.36	6.18
Spain		10.500	10/03	109.0000	-0.650	9.04	8.87	8.71
UK Gilts		6.000	08/99	94-24	-20/32	7.20	6.78	6.43
		6.750	11/04	92-17	-29/32	7.91	7.41	7.02
		9.000	10/08	108-27	-42/32	7.96	7.56	7.23
US Treasury *		5.875	02/04	94-27	+1/32	6.59	6.45	6.18
		6.250	08/23	90-29	–	6.98	6.88	6.70
ECU (French Govt)		6.000	04/04	92.7000	-0.650	7.03	6.82	6.69

London closing, *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

ECONOMIC DIARY – FORWARD EVENTS

TODAY: European Union informal general affairs council meeting in Greece (until March 27). Ukraine parliamentary elections. Conservative Party Central Council meeting continues in Plymouth.
TOMORROW: European Summertime begins - clocks go forward one hour. Italian general elections. Municipal elections in Turkey. Mr Douglas Hurd, foreign secretary, starts two-day visit to the Czech Republic.
MONDAY: Central Statistical Office publishes figures for overseas direct investment (1992). BBA announces details of the major British banking groups' monthly mortgage lending (February). European Union-Central America ministerial meeting in Greece (until March 29). European Union agriculture council meets in Brussels. Start of new BBC radio news and sport network Radio 5 Live. Results from Pearson and Inchcape.
TUESDAY: US consumer confidence (March); new home sales (February). Corruption trial of Mr Bettino Craxi, former Italian socialist leader and prime minister, opens in Rome. Results from Taylor Woodrow.
WEDNESDAY: US factory orders (February). European Union and Lithuania hold second round of talks on free trade agreement in Brussels. Results from Harrisons & Crosfield, Co-operative Bank and Caradon.
THURSDAY: The Department of Trade and Industry issues energy trends (January). The Central Statistical Office releases economic trends (March) and monthly digest of statistics (March). US gross domestic product (fourth quarter 1993 final). Commonwealth of Independent Sates holds summit meeting in Moscow. House of Commons breaks for Easter recess. Results from Redland.
FRIDAY: US employment data (March); personal income (February) and personal spending (February). VAT imposed on domestic fuel bills in the UK; 50p rise in prescription charges from £4.25 to £4.75. Structure of Britain's railway split between Railtrack and 25 train operating units from today. UK stock market closed.

US INTEREST RATES

Lunchtime

Prime rate	6¼
Broker loan rate	5
Fed.funds	3½
Fed.funds at intervention	-

Treasury Bills and Bond Yields

One month	3.57	Two year	5.09
Two month	3.41	Three year	5.46
Three month	3.56	Five year	6.06
Six month	3.92	10-year	6.57
One year	4.35	30-year	6.98

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
105	2-46	2-51	2-00	2-61
106	2-11	2-22	2-29	3-32
107	1-46	1-61	3-00	4-07

Est. vol. total, Calls 11276 Puts 13049. Previous day's open int., Calls 78834 Puts 64002

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.
	116.30	115.90	-0.50	116.30	115.30	-
	89.46	88.90	-0.72	89.80	88.60	2,778

■ US TREASURY BOND FUTURES (CBT)

	Open	Latest	Change
Jun	108-01	107-24	-0.03
Sep	107-03	106-28	-0.02
Dec	-	105-28	-

FT-ACTUARIES FIXED INTEREST INDICES

UK Gilts Price Indices	Fri Mar 25	Day's change %	Thur Mar 24	Accrued interest
1 Up to 5 years (23)	125.05	-0.40	125.66	2.05
2 5-15 years (24)	147.12	-0.82	148.33	1.78
3 Over 15 years (9)	164.37	-1.32	166.56	1.36
4 Irredeemables (6)	188.12	-3.05	194.00	3.23
5 All stocks (62)	143.61	-0.90	145.01	1.83

FT FIXED INTEREST INDICES

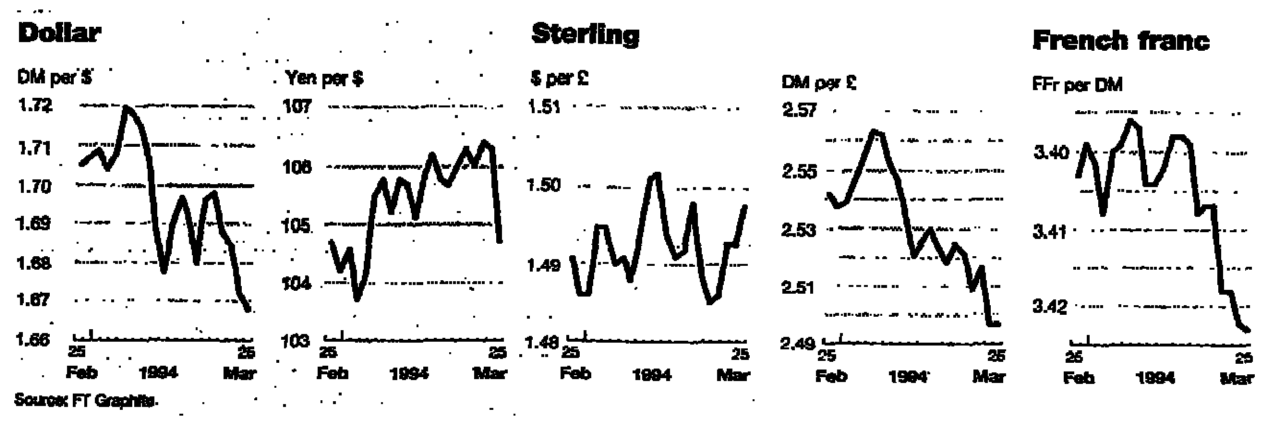
	Mar 25	Mar 24	Mar 23	Mar 22	Mar 21	Yr ago	High*
Govt. Secs. (UK)	96.30	97.63	98.82	99.05	98.82	96.34	107.60
Fixed Interest	117.53	119.31	119.94	119.79	119.45	112.02	133.87

UK GILTS PRICES

CURRENCIES AND MONEY

MARKETS REPORT

Dollar wobbles



Dollar and sterling woes continued on the foreign exchanges yesterday, but the two currencies managed to recover from earlier lows, *writes Philip Gawith.*

Both were victim to the bearish sentiment sweeping through financial markets. Analysts said there was no cogent explanation for the current malaise where markets seemed determined to squeeze a bearish message out of unrelated events.

Perhaps the worst case of jitters was in the sterling futures market where there was a very heavy sell-off in the morning. The June contract fell to a low of 94.55, effectively discounting a 20 basis points increase in three month money by mid-year.

Prices later recovered and the June contract settled seven points lower at 94.66. The December contract was also seven points down at 94.18 after touching a low of 93.97, implying base rates of over 6 per cent.

■ The performance of sterling provided a good measure of the confusion. While futures were plunging, discounting a significant tightening of rates, sterling was falling at an equally impressive rate.

The UK currency touched a low of DM2.4880 against the D-Mark before recovering to finish in London at DM2.4978, slightly above Thursday's close of DM2.4971. It finished slightly higher against the dollar at $1.4975 from $1.493.

■ Pound in New York

Mar 24	Latest	Prev. close
£ spot	1.4976	1.4975
1 mth	1.4964	1.4955
3 mth	1.4920	1.4924
1 yr	1.4838	1.4852

Mr Gerald Holtham, chief international economist at Lehman Brothers, said sterling's weakness related to the general weakness of UK asset markets. He said the UK had a much poorer inflation record than countries like the US and Germany, so "it is natural that there would be a bigger risk premium on UK assets at this point."

Mr Avinash Persaud, head of currency research at JP Morgan (Europe), said sterling was weak because the market was drawing an analogy between the UK and the US, saying UK rates would also have to move up.

Most observers believe the market is too pessimistic about UK rates, with a further 25 basis points cut a possibility, though it may have to wait for the summer.

In the discount market the Bank of England offered late assistance of £240m after forecasting a £1.05bn shortage. Earlier it had put £718m liquidity into the market.

■ The dollar recovered from a five month low of DM1.6595 to finish in London at DM1.668, down from Thursday's DM1.6726.

Mr Holtham argued that with higher US rates already discounted, the only thing that can help the dollar is people changing their mind about Germany - believing that German rates will go lower.

Mr Persaud said the market needed a more decisive signal about the future outlook for rates than the weekly trimmings of the repo rate.

■ The D-Mark was firm in Europe yesterday, continuing to benefit from dollar weakness, and selling in the bond markets. It was up against the French franc at FFr3.426 from FFr3.424 on Thursday.

It was weaker against the lira which recovered from a low of L997.05 to end at L988.8, compared to L993.2 on Thursday. Trading was nervous ahead of this weekend's election.

■ OTHER CURRENCIES

Mar 25	£	$
Hungary	153.153 - 153.374	102.300 - 102.400
Iran	2597.00 - 2603.00	1748.00 - 1750.00
Kuwait	0.4452 - 0.4469	0.2974 - 0.2984
Poland	33018.5 - 33033.9	22055.0 - 22055.0
Russia	2605.55 - 2611.54	1740.00 - 1744.00
U.A.E.	5.4981 - 5.5011	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Mar 25		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.5299	-0.0652	221 - 377	17.6752	17.6021	17.5261	0.3	17.5205	0.2	-	-	114.5
Belgium	(BFr)	51.4846	-0.1061	508 - 183	51.6200	51.3687	51.5298	-1.0	51.6046	-0.9	51.8046	-0.6	115.4
Denmark	(DKr)	9.8465	+0.0103	404 - 525	9.8525	9.7986	9.8555	-1.1	9.8702	-1.0	9.905	-0.6	114.8
Finland	(FM)	8.3388	+0.0486	281 - 495	8.3660	8.2580	-	-	-	-	-	-	80.3
France	(FFr)	8.5598	+0.0109	544 - 652	8.5852	8.5170	8.5691	-1.3	8.5845	-1.2	8.6095	-0.6	108.3
Germany	(DM)	2.4978	+0.0007	964 - 991	2.5020	2.4865	2.499	-0.6	2.5007	-0.5	2.5029	-0.2	124.0
Greece	(Dr)	365.303	-0.109	843 - 763	367.608	364.889	-	-	-	-	-	-	-
Ireland	(I£)	1.0395	+0.002	385 - 404	1.0416	1.0374	1.0404	-1.0	1.0419	-0.9	1.0482	-0.8	102.6
Italy	(L)	2470.16	-9.38	894 - 137	2486.89	2471.55	2477.46	-3.5	2490.26	-3.3	2541.01	-2.9	76.0
Luxembourg	(LFr)	51.4846	-0.1061	508 - 183	51.6200	51.3687	51.5298	-1.0	51.6046	-0.9	51.8046	-0.6	115.4
Netherlands	(Fl)	2.8085	-0.0025	071 - 099	2.8131	2.7985	2.8092	-0.3	2.81	-0.2	2.8064	0.1	118.9
Norway	(NKr)	10.8737	+0.0066	689 - 785	10.9088	10.8315	10.8681	0.6	10.8906	-0.8	10.8718	0.0	85.3
Portugal	(Es)	258.086	+0.095	801 - 371	258.371	256.565	259.061	-4.5	261.006	-4.5	-	-	-
Spain	(Pta)	205.488	+0.2	402 - 573	205.685	204.789	206.068	-3.4	207.073	-3.1	210.888	-2.6	86.3
Sweden	(SKr)	11.8202	+0.0568	118 - 286	11.9084	11.7138	11.8402	-2.0	11.8757	-1.9	11.9847	-1.4	75.9
Switzerland	(SFr)	2.1239	+0.0004	229 - 249	2.1268	2.1163	2.1221	1.0	2.1178	1.1	2.0923	1.5	118.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.2
Ecu	-	1.2979	-0.0004	971 - 986	1.2999	1.2939	1.2994	-1.4	1.3018	-1.2	1.3062	-0.6	-
SDR†	-	0.837899	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4977	+0.0049	972 - 981	1.5022	1.4929	-	-	-	-	-	-	-
Brazil	(Cr)	1293.89	+26.28	358 - 420	1299.00	1269.00	-	-	-	-	-	-	-
Canada	(C$)	2.0587	+0.0085	578 - 595	2.0694	2.0603	2.0572	0.9	2.0563	0.5	2.0617	-0.1	87.5
Mexico	(New Peso)	5.0229	+0.0512	153 - 305	5.0329	4.9792	-	-	-	-	-	-	-
USA	($)	1.4975	+0.0045	971 - 978	1.5035	1.4930	1.4954	1.7	1.492	1.5	1.4835	0.9	65.8
Pacific/Middle East/Africa													
Australia	(A$)	2.1063	+0.003	050 - 075	2.1257	2.1060	2.1048	0.9	2.1024	0.7	2.1005	0.3	-
Hong Kong	(HK$)	11.5699	+0.0355	654 - 723	11.6145	11.5345	11.5559	1.3	11.5604	0.6	11.5014	0.6	-
India	(Rs)	46.9694	+0.1358	528 - 860	47.1540	46.8390	-	-	-	-	-	-	-
Japan	(Y)	156.836	-1.833	746 - 925	158.020	156.480	156.476	2.8	155.746	2.8	152.571	2.7	185.2
Malaysia	(M$)	4.0656	-0.0006	631 - 680	4.0797	4.0527	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6455	+0.0093	432 - 477	2.6521	2.6338	2.6484	-1.3	2.6527	-1.1	2.6613	-0.6	-
Philippines	(Peso)	41.2923	+0.1227	205 - 640	41.5640	41.0205	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.6157	+0.0168	140 - 173	5.6380	5.5992	-	-	-	-	-	-	-
Singapore	(S$)	2.3627	-0.0026	614 - 640	2.3825	2.3606	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.1561	+0.0217	538 - 584	5.1758	5.1186	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.0493	+0.1068	401 - 584	7.0702	6.9723	-	-	-	-	-	-	-
South Korea	(Won)	1211.81	+5.39	115 - 247	1216.33	1206.49	-	-	-	-	-	-	-
Taiwan	(T$)	39.5477	+0.1324	384 - 569	39.7100	39.4400	-	-	-	-	-	-	-
Thailand	(Bt)	37.8181	+0.0377	018 - 344	37.9630	37.7560	-	-	-	-	-	-	-

†SDR rate for Mar 24. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 25		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe													
Austria	(Sch)	11.7065	-0.0785	040 - 090	11.7600	11.6860	11.7275	-2.2	11.754	-1.6	11.7575	-0.4	103.5
Belgium	(BFr)	34.3815	-0.1736	670 - 960	34.5030	34.2750	34.4615	-2.8	34.5765	-2.3	34.8415	-1.3	104.4
Denmark	(DKr)	6.5755	-0.0127	730 - 780	6.5817	6.5426	6.5927	-3.1	6.6147	-2.4	6.6595	-1.3	103.6
Finland	(FM)	5.5687	+0.016	628 - 745	5.5903	5.5110	5.5745	-1.2	5.579	-0.7	5.5867	-0.3	75.5
France	(FFr)	5.7163	-0.0097	140 - 185	5.7190	5.6875	5.7297	-2.8	5.7522	-2.5	5.7921	-1.3	104.9
Germany	(D)	1.6680	-0.0046	675 - 685	1.6713	1.6596	1.6711	-2.3	1.676	-1.9	1.6824	-0.9	105.5
Greece	(Dr)	243.950	-0.8	700 - 200	244.650	243.900	247.85	-19.2	254.6	-17.5	283.7	-16.3	71.1
Ireland	(IE)	1.4406	+0.0015	396 - 416	1.4462	1.4364	1.4374	2.7	1.433	2.1	1.4191	1.5	-
Italy	(L)	1649.58	-11.2	915 - 000	1662.75	1646.25	1657.08	-5.5	1668.58	-4.6	1709.33	-3.6	78.2
Luxembourg	(LFr)	34.3815	-0.1735	670 - 960	34.5030	34.2750	34.4615	-2.8	34.5765	-2.3	34.8415	-1.3	104.4
Netherlands	(Fl)	1.8755	-0.0078	750 - 760	1.8802	1.8676	1.8787	-2.1	1.8825	-1.5	1.8875	-0.6	104.1
Norway	(NKr)	7.2615	-0.0172	600 - 630	7.2900	7.2335	7.2715	-1.7	7.2852	-1.3	7.3005	-0.5	95.4
Portugal	(Es)	172.350	-0.49	200 - 500	172.550	171.100	173.39	-7.2	174.85	-5.8	180.075	-4.5	93.2
Spain	(Pta)	137.225	-0.275	200 - 250	137.320	136.750	137.825	-5.2	138.745	-4.4	141.855	-3.4	80.7
Sweden	(SKr)	7.8936	+0.0146	898 - 973	7.9543	7.8193	7.9206	-4.1	7.9584	-3.3	8.0636	-2.2	81.6
Switzerland	(SFr)	1.4184	-0.0039	180 - 187	1.4225	1.4130	1.4193	-0.7	1.4194	-0.3	1.4104	0.6	104.5
UK	(£)	1.4975	+0.0045	971 - 978	1.5035	1.4930	1.4954	1.7	1.492	1.5	1.4835	0.9	88.8
Ecu	-	1.1538	+0.0038	534 - 542	1.1583	1.1509	1.1509	3.1	1.1468	2.4	1.1389	1.3	-
SDR†	-	1.40019	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0002	+0.0003	002 - 001	1.0002	1.0000	-	-	-	-	-	-	-
Brazil	(Cr)	864.065	+15.032	060 - 070	864.070	864.060	-	-	-	-	-	-	-
Canada	(C$)	1.3748	+0.0016	745 - 750	1.3775	1.3720	1.3755	-0.6	1.3776	-0.8	1.3864	-0.8	84.0
Mexico	(New Peso)	3.3543	+0.0243	500 - 586	3.3486	3.3586	3.3553	-0.4	3.3571	-0.3	3.3645	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	100.9
Pacific/Middle East/Africa													
Australia	(A$)	1.4066	-0.0022	061 - 071	1.4205	1.4055	1.4078	-1.1	1.4125	-1.7	1.4231	-1.2	86.9
Hong Kong	(HK$)	7.7257	+0.0007	252 - 262	7.7262	7.7250	7.7287	-0.5	7.7347	-0.5	7.7594	-0.4	-
India	(Rs)	31.3663	-0.0025	625 - 700	31.3700	31.3625	31.4313	-2.5	31.5683	-2.6	-	-	-
Japan	(Y)	104.735	-1.54	700 - 770	105.470	104.510	104.63	1.2	104.32	1.6	102.485	2.1	145.1
Malaysia	(M$)	2.7150	-0.0085	140 - 160	2.7217	2.7090	2.708	3.1	2.6925	3.3	2.755	-1.5	-
New Zealand	(NZ$)	1.7668	+0.0009	655 - 677	1.7683	1.7621	1.7678	-0.8	1.7723	-1.3	1.7942	-1.6	-
Philippines	(Peso)	27.5750	-	000 - 500	27.7500	27.4000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7502	+0.0001	499 - 504	3.7504	3.7499	3.7509	-0.2	3.7532	-0.3	3.7647	-0.4	-
Singapore	(S$)	1.5778	-0.0065	773 - 783	1.5815	1.5773	1.5772	0.5	1.5757	0.3	1.5753	0.2	-
S Africa (Com.)	(R)	3.4433	+0.0043	425 - 440	3.4473	3.4227	3.4598	-5.8	3.4858	-4.9	3.5788	-3.9	-
S Africa (Fin.)	(R)	4.7075	+0.0575	025 - 125	4.7150	4.6725	4.7415	-8.7	4.8015	-8.0	-	-	-
South Korea	(Won)	809.250	+1.2	000 - 500	809.500	808.400	812.25	-4.4	815.75	-3.2	834.25	-3.1	-
Taiwan	(T$)	26.4100	+0.01	100 - 100	26.4100	26.4000	26.4755	-3.0	26.576	-2.5	-	-	-
Thailand	(Bt)	25.2550	-0.05	500 - 600	25.2700	25.2600	25.335	-3.8	25.46	-3.2	25.98	-2.9	-

†SDR rate for Mar 24. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices shown for Mar 24. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 25		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.13	16.63	4.852	2.020	4798	5.456	21.11	501.4	399.2	22.98	4.126	1.943	4.000	2.910	304.6	2.521
Denmark	(DKr)	52.28	10	8.692	2.537	1.056	2508	2.853	11.04	262.1	208.7	12.00	2.157	1.016	2.091	1.521	159.2	1.318
France	(FFr)	60.15	11.50	10	2.919	1.215	2886	3.282	12.70	301.6	240.1	13.81	2.482	1.168	2.406	1.750	183.2	1.517
Germany	(DM)	20.61	3.942	3.426	1	0.416	988.8	1.124	4.351	103.3	82.27	4.732	0.850	0.400	0.824	0.600	62.77	0.520
Ireland	(I£)	49.50	9.468	8.230	2.402	1	2375	2.701	10.45	248.2	197.6	11.37	2.042	0.962	1.980	1.440	150.8	1.248
Italy	(L)	2.084	0.399	0.347	0.101	0.042	100.	0.114	0.440	10.45	8.320	0.479	0.086	0.040	0.083	0.061	6.348	0.053
Netherlands	(Fl)	18.33	3.506	3.047	0.889	0.370	879.3	1	3.870	91.88	73.16	4.208	0.756	0.356	0.733	0.533	55.82	0.462
Norway	(NKr)	47.36	9.059	7.874	2.298	0.957	2272	2.584	10	237.4	189.1	10.87	1.954	0.920	1.894	1.378	144.3	1.194
Portugal	(Es)	19.95	3.815	3.316	0.968	0.403	957.0	1.088	4.212	100.	79.62	4.580	0.823	0.387	0.798	0.580	60.75	0.503
Spain	(Pta)	25.05	4.792	4.165	1.216	0.506	1202	1.367	5.290	125.6	100.	5.752	1.034	0.487	1.002	0.729	76.30	0.632
Sweden	(SKr)	43.55	8.331	7.241	2.113	0.880	2090	2.376	9.196	218.4	173.9	10	1.797	0.846	1.742	1.267	132.7	1.098
Switzerland	(SFr)	24.24	4.636	4.030	1.176	0.490	1163	1.323	5.118	121.5	96.75	5.565	1	0.471	0.969	0.705	73.82	0.611
UK	(£)	51.48	9.847	8.559	2.498	1.040	2470	2.809	10.87	258.1	205.5	11.82	2.124	1	2.059	1.498	156.8	1.298
Canada	(C$)	25.00	4.782	4.157	1.213	0.505	1200	1.364	5.279	125.4	99.81	5.741	1.032	0.486	1	0.728	76.15	0.630
US	($)	34.37	6.573	5.714	1.668	0.694	1649	1.876	7.256	172.3	137.2	7.891	1.418	0.668	1.374	1	104.7	0.865
Japan	(Y)	328.3	62.80	54.59	15.93	6.633	15753	17.91	69.32	1646	1311	75.38	13.55	6.378	13.13	9.554	1000.	8.278
Ecu		39.66	7.586	6.594	1.924	0.801	1903	2.164	8.374	198.8	158.3	9.106	1.638	0.770	1.586	1.154	120.8	1

Yen per 1,000, Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.5979	0.5999	+0.0030	0.6000	0.5958	64,003	101,728
Sep	0.5973	0.5980	+0.0015	+0.5980	0.5966	326	2,577
Dec	-	0.5963	-	+0.5963	-	6	115

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.9590	0.9587	-0.0003	0.9599	0.9518	37,584	48,643
Sep	0.9632	0.9636	-0.0003	0.9646	0.9630	308	1,907
Dec	-	0.9698	-0.0160	-	-	76	386

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7041	0.7070	+0.0024	0.7071	0.7030	27,683	38,950
Sep	0.7060	0.7080	+0.0014	0.7080	0.7060	16	266
Dec	-	0.7080	-	0.7080	-	3	45

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.4932	1.4986	+0.0064	1.4990	1.4894	14,515	25,927
Sep	-	1.4950	-	1.4950	-	15	628
Dec	-	1.4920	-	1.4920	-	15	33

EMS EUROPEAN CURRENCY UNIT RATES

Mar 25	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.16348	-0.00373	-1.51	4.72	-
Germany	1.94964	1.92286	-0.00336	-1.37	4.57	-
Belgium	40.2123	39.7118	-0.0812	-1.24	4.43	9
Ireland	0.808628	0.801345	+0.004054	-0.90	4.07	6
France	6.53883	6.59357	-0.00078	0.84	2.28	-7
Denmark	7.43679	7.58854	+0.00582	2.04	1.07	-14
Spain	154.250	158.442	+0.29	2.72	0.41	-19
Portugal	192.854	198.900	+0.044	3.14	0.00	-21
NON ERM MEMBERS						
Greece	264.513	282.197	-0.164	6.69	-3.33	-
Italy	1793.19	1911.55	+0.25	6.60	-3.25	-
UK	0.786749	0.772843	+0.005251	-1.79	5.02	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Apr	May	Jun	PUTS Apr	May	Jun
1.400	9.91	9.76	9.72	-	-	0.13
1.425	7.48	7.43	7.52	-	0.11	0.36
1.450	5.04	5.22	5.48	0.02	0.39	0.80
1.475	2.81	3.32	3.73	0.26	0.97	1.53
1.500	1.17	1.89	2.39	1.08	1.98	2.57
1.525	0.33	0.94	1.41	2.69	3.47	4.07

Previous day's vol., Calls 14,843 Puts 9,481 . Prev. day's open int., Calls 520,852 Puts 436,154

WORLD INTEREST RATES

MONEY RATES

March 25	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	-	6⅝	6⅝	6⅝	6¼	7.40	5.00	-
week ago	-	6⅝	6½	6⅜	6⅜	7.40	5.00	-
France	6⅝	6¼	6¼	6⅛	6	6.00	-	7.75
week ago	6⅜	6¼	6¼	6⅛	5⅞	6.10	-	7.75
Germany	5.70	5.80	5.75	5.60	5.43	6.75	5.25	5.80
week ago	5.75	5.80	5.75	5.58	5.38	6.75	5.25	5.88
Ireland	6¼	6	6	6	6	-	-	6.75
week ago	6⅜	6	6¼	6⅛	6⅛	-	-	6.75
Italy	8⅞	8½	8½	8½	8½	-	8.00	8.92
week ago	8⅝	8½	8⅜	8⅜	8⅜	-	8.00	8.92
Netherlands	5.53	5.54	5.41	5.38	5.36	-	5.25	-
week ago	5.53	5.54	5.29	5.18	5.16	-	5.25	-
Switzerland	4⅛	4¼	4⅜	4⅛	4⅜	6.625	4.00	-
week ago	4	4¼	4⅛	4	3⅞	6.625	4.00	-
US	3⅜	3⅞	3⅞	4⅛	4⅝	-	3.00	-
week ago	3¼	3⅞	3⅞	4⅜	4⅜	-	3.00	-
Japan	2⅛	2½	2⅜	2⅜	2⅜	-	1.75	-
week ago	2⅛	2½	2¼	2¼	2⅜	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	3⅞	3⅞	4⅜	4⅞	-	-	-
week ago	-	3⅞	3⅞	4⅛	4⅝	-	-	-
US Dollar CDs	-	3.41	3.66	3.99	4.44	-	-	-
week ago	-	3.41	3.64	3.92	4.31	-	-	-
SDR Linked Ds	-	3⅛	3⅞	3⅞	4	-	-	-
week ago	-	3⅞	3⅞	3⅞	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 6⅜; 3 mths: 6⅜; 6 mths: 6⅛; 1 year: 6 . $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 25	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	6 5/16 - 6 3/16	6 5/16 - 6 3/16	6¼ - 6⅛	6 3/16 - 6 1/16	6⅛ - 6	6⅛ - 6
Danish Krone	6½ - 6¼	6½ - 6¼	6⅛ - 6	6⅛ - 6	6¼ - 6	6 - 5¾
D-Mark	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5⅝	5 11/16 - 5 9/16	5 9/16 - 5 7/16
Dutch Guilder	5 9/16 - 5 7/16	5 9/16 - 5 7/16	5½ - 5⅜	5⅜ - 5¼	5 5/16 - 5 3/16	5 5/16 - 5 3/16
French Franc	6 5/16 - 6 3/16	6 5/16 - 6 3/16	6 5/16 - 6 3/16	6 3/16 - 6 1/16	6¼ - 6⅛	6 1/16 - 5 15/16
Portuguese Esc.	9¾ - 9½	10⅛ - 10⅛	10⅛ - 9 13/16	9¾ - 9⅝	9⅝ - 9½	9⅜ - 9⅛
Spanish Peseta	8⅛ - 8⅛	8¼ - 8⅛	8⅜ - 8	8⅛ - 8	8⅛ - 8	8⅛ - 8
Sterling	5½ - 5¼	5⅜ - 5¼	5⅜ - 5¼	5 5/16 - 5¼	5⅜ - 5¼	5⅝ - 5½
Swiss Franc	4¼ - 4	4 5/16 - 4 3/16	4¼ - 4⅛	4 5/16 - 4 3/16	4⅛ - 4	4 - 3⅞
Can. Dollar	4¼ - 4	4⅜ - 4⅛	4⅜ - 4¼	5 - 4⅞	5⅜ - 5¼	5¾ - 5⅝
US Dollar	3½ - 3⅜	3 11/16 - 3 9/16	3 13/16 - 3 11/16	3⅞ - 3¾	4 5/16 - 4 3/16	4 15/16 - 4 13/16
Italian Lira	8½ - 8	8½ - 8	8½ - 8	8½ - 8	8¼ - 7⅞	8½ - 8⅛
Yen	2⅜ - 2¼	3¼ - 3⅛	2½ - 2⅜	2 5/16 - 2 3/16	2 5/16 - 2 3/16	2½ - 2⅜
Asian $Sing	3½ - 2½	3½ - 2½	3½ - 2½	4 - 3	4 - 3	4¼ - 3¼

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.05	93.94	-0.08	94.06	93.92	30,612	86,126
Sep	94.33	94.17	-0.15	94.35	94.15	26,764	45,590
Dec	94.49	94.32	-0.15	94.49	94.31	12,993	34,844
Mar	94.55	94.38	-0.17	94.57	94.38	6,445	98,774

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.66	95.66	0.01	95.65	95.64	327	4598
Sep	95.23	95.25	0.01	95.23	95.22	65	2181
Dec	94.77	94.78	-0.01	94.77	94.74	113	1460
Mar	94.51	94.53	-0.01	94.51	94.51	20	780

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.50	94.54	0.04	94.54	94.49	27930	260372
Sep	94.73	94.75	0.02	94.76	94.71	25372	167586
Dec	94.83	94.87	0.04	94.88	94.77	30057	164581
Mar	94.89	94.95	0.06	94.95	94.84	23672	145295

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	91.65	91.70	0.04	91.71	91.57	6548	58817
Sep	91.83	91.90	0.04	91.90	91.75	3022	23340
Dec	92.00	92.03	0.01	92.03	91.93	3342	37914
Mar	91.98	92.04	0.02	92.03	91.94	660	5205

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.01	96.01	-	96.04	95.96	3642	33950
Sep	96.12	96.08	-	96.12	96.04	956	6998
Dec	96.00	96.02	0.03	96.03	95.98	697	4830
Mar	95.92	95.86	-0.01	95.92	95.92	48	212

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.96	93.96	-0.03	93.99	93.88	1382	10928
Sep	94.19	94.17	-0.02	94.20	94.09	1077	11455
Dec	94.28	94.28	-	94.29	94.16	798	6652
Mar	94.28	94.29	0.01	94.30	94.20	298	892

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.65	95.65	-	95.67	95.64	117,202	489,683
Sep	95.23	95.22	-0.01	95.26	95.21	134,439	358,777
Dec	94.76	94.75	-0.01	94.80	94.74	74,110	287,522

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	96.12	96.09	-	96.13	96.10	5,582	36,865
Sep	95.75	96.10	-0.02	95.75	95.72	773	7,027
Dec	-	95.73	-	-	95.37	11	2,884
		95.37					

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9450	0.14	0.36	0.61	0.10	0.11	0.14
9475	0.05	0.21	0.35	0.26	0.21	0.23
9500	0.02	0.11	0.23	0.48	0.36	0.36

Est. vol. total, Calls 6057 Puts 4358. Previous day's open int., Calls 206226 Puts 146763

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9600	0.12	0.21	0.30	0.11	0.13	0.28
9625	0.04	0.11	0.18	0.26	0.28	0.41
9650	0.01	0.05	0.10	0.50	0.47	0.58

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 489 Puts 3354

UK INTEREST RATES

LONDON MONEY RATES

Mar 25	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5 11/16 - 4¾	5¼ - 5⅛	5⅜ - 5⅛	5⅜ - 5⅛	5⅜ - 5⅛	5 11/16 - 5 9/16
Sterling CDs	-	-	5¼ - 5 3/16	5¼ - 5 3/16	5 11/32 - 5 9/32	5⅝ - 5½
Treasury Bills	-	-	5 - 4⅞	4 13/16 - 4¾	-	-
Bank Bills	-	-	5 - 4⅞	5 1/16 - 4 15/16	5 1/16 - 4 15/16	-
Local authority deps.	5⅜ - 5¼	5½ - 5⅜	5 5/16 - 5 3/16	5⅜ - 5¼	5⅜ - 5¼	5½ - 5⅜
Discount market deps.	5¼ - 5¼	5⅛ - 5	-	-	-	-

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 4.8056pc. ECGD fixed rate Stg. Export Finance. Make up day February 28. 1994. Agreed rate for period Mar 26, 1994 to Apr 25, 1994, Schemes II & III 6.50pc. Reference rate for period Feb 1, 1994 to Feb 28, 1994, Schemes IV & V 5.265pc. Finance House Base Rate 5½pc from Mar 1, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.71	94.66	-0.07	94.76	94.55	53341	117694
Sep	94.54	94.46	-0.08	94.58	94.26	40763	82648
Dec	94.25	94.18	-0.07	94.29	93.97	39925	107638
Mar	93.84	93.76	-0.09	93.88	93.50	13739	39295

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9450	0.24	0.26	0.21	0.08	0.30	0.53
9475	0.10	0.15	0.14	0.19	0.44	0.71
9500	0.03	0.08	0.07	0.37	0.62	0.89

Est. vol. total, Calls 8974 Puts 18588. Previous day's open int., Calls 140243 Puts 134072

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	*Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	●United Bk of Kuwait	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Western Trust	5.25
Bank of India	5.25	Heritable & Gen Inv Bk.	5.25	Whiteaway Laidlaw	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Yorkshire Bank	5.25
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai.	5.25		
●Brown Shipley	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent [from] last Thursday's Stock Exchange Official List and should not be [rep]roduced without permission.

Details relate to those securities not included in the FT Share Information [Ser]vices.

Unless otherwise indicated prices are in pence. The prices are those at [wh]ich the business was done in the 24 hours up to 5 pm on Thursday and [set]tled through the Stock Exchange Talisman system, they are not in order of [ex]ecution but in ascending order which denotes the day's highest and lowest [de]alings.

For those securities in which no business was recorded in Thursday's [Of]ficial List the latest recorded business in the four previous days is given [wi]th the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange [of] the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ϕ Bargains done the previous day.

British Funds, etc

Treasury 13¼% Stk 2000/03 - £132¼ 132⅝ 132⅝ (23Mr94)

Exchequer 10½% Stk 2005 - £122⅝ (21Mr94)

Corporation and County Stocks

London County 2½% Cons Stk 1920(or after) - £29 (23Mr94)

Dudley Metropolitan Borough Council7% Ln Stk 2019 (Reg Int Certs)(P/P) - £27½ (23Mr94)

[illegible]

UK Public Boards

[illegible]

Foreign Stocks, Bonds, etc- (coupons payable in London)

[illegible]

Lewis (John) PLC 10¼% Bds 2006(Br£1000&10000) - £111

Lewis (John) PLC 10½% Bds 2014 (Br£10000&100000) - £117 (23Mr94)

Lloyds Bank PLC 7⅜% Subord Bds 2004(Br£Various) - £92⅝ ¾ 3 ¾

Lloyds Bank PLC 9⅝% Subord Bds 2023 (Br £ Var) - £107

Lucas Industries Inc 5¼% Cnv Bds 2002(Br$1000) - $120

Microtek International Inc 3.5% Bds 2001(Br$10000) - $109 110½

Municipality Finance Ld 9½% Gtd Nts 1997 (Br £Var) - £107⅛

National Grid Co PLC 7⅜% Bds 1998 (Br £ Var) - £101¼ ¼ (23Mr94)

National Power PLC 10⅝% Bds 2001 (Br £1000&100000) - £113 (21Mr94)

National Westminster Bank PLC 11¾% Subord Nts 2001 (Br £Var) - £118¼ϕ

National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Reg - £111½ 4⅛

National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Br - £114⅞

Nationwide Building Society 6⅛% Nts 1999(Br£ Vars) - £93.55 .8 (21Mr94)

[illegible]

Sterling Issues by Overseas Borrowers

[illegible]

Listed Companies(excluding Investment Trusts)

[illegible]

Allied-Lyons PLC 5¼% Uns Ln Stk - £80½ (21Mr94)

Allied-Lyons PLC 6¼% Uns Ln Stk - £85ϕ

Allied-Lyons PLC 7½% Uns Ln Stk - £94ϕ

Allied-Lyons PLC 7¾% Uns Ln Stk 93/98 - £98

Allied-Lyons Financial Services PLC6¾% GtdCnvSubordBds2008 RegMult£1000 - £110¼ .31 ½ 1.44 ½

Allied-Lyons Financial Services PLC6¾% Gtd Cnv Subord Bds 2008(Br £ Var) - £109

Alvis PLC [illegible]

American [illegible]

Andrews [illegible]

[illegible]

Investment Trusts

[illegible]

USM Appendix

[illegible]

Rule 535(2)

[illegible]

Young Group PLC Ord 10p - £0.0025 0.0125

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Allstate Explorations 50ϕ (18.3)
Aust. Foundation Inv. A$2.37
Aust. Hydrocarbons 8 (22.3)
Bank of East Asia HK$30.1681 (22.3)
Beach Petroleum 9½ϕ (23.3)
Boise Cascade $25.719144ϕ (23.3)
Bolton Properties RM3.113956ϕ (23.3)
Bukit Sembawang 750 (23.3)
Cape Range Oil 38ϕ (22.3)
Churchill Res. 15.5
City Developments S$8.55
Community Psychiatric Centres $17.9644ϕ (23.3)
Cons. Resources 44 (23.3)
Devex 30 (21.3)
Far East Hotels FR1 81ϕ (23.3)
Forest Laboratories $47.51ϕ
Golden Valley Mines A$0.098 (23.3)
Greenvale Mining (A$0.20) 10 (21.3)
Do. (A$0.05) 2ϕ (23.3)
Harland (John) $22½ (23.3)
Keystone Intl. $26.875
Killinghall (Malaysia) M$4.044
Malaysian Plantations 54ϕ (18.3)
Murray & Roberts Hldgs. FL88,89,89¾,90 (18.3)
Nampak FL142.051ϕ142.10ϕ (18.3)
McCarthy Grp. 125 (21.3)
Niugini Mining $4½ (23.3)
Oil Search A$0.84
Palabora Mining £8.8
Petroleum Securities Aust. 51 (18.3)
Selangor Properties RM2.667433 (23.3)
Storer Comms. SK413.0
Strategic Minerals A$0.16 (18.3)
Valiant Consolidated A$0.3931 (18.3)
Wooltru Class A FL125.65 (22.3)

By Permission of the Stock Exchange Council

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited.

The FT-SE Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-SE Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

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LONDON STOCK EXCHANGE

MARKET REPORT

Late rally pushes Footsie into positive territory

By Steve Thompson

Dealers were happy to see the back of a week of unrelenting pressure and big losses on the London stock market that culminated in a surprising but powerful end of account rally.

The FT-SE 100 Index, down more than 33 points in mid-morning responding to another worrying slide in bonds and equities in the US overnight, rallied with sufficient power shortly after American markets opened yesterday afternoon to close a net 7.3 up on the session at 3,129. The FT-SE Mid 250 index, however, ended 20.5 off at 3,775.2 as institutions concentrated their attentions on the market leaders. Over the week the 100 index showed a fall of 89.1.

The late recovery was triggered by a solid opening by Wall Street, which moved into positive territory shortly after it opened, and a resolute showing by US bonds which were only marginally easier at the outset of trading in the US after a similar performance on far eastern markets. Rumours of Federal Reserve support for US bonds and Bank of England buying of gilts accompanied the steadier trend in bonds in mid-afternoon.

Traders were rightly nervous at the outset of trading, lowering share prices modestly to head off any attempted selling caused by the turbulence in US markets following the assassination of Mr Luis Donaldo Colosio, a candidate for the Mexican presidency.

The news from Mexico produced a series of tremors across international bond markets where south American issues were heavily sold. "The worry was that some of the hedge funds, which are only just recovering from the recent spate of bond market sell-offs, would have to sell more US and European bonds to cover their south American losses," said one dealer.

UK gilts, already weakened this week by worries about inflation and pressure on sterling, dropped over two points at the long end of the market, unnerving the equity market in the process.

The slide in gilts proved too much to bear for equities where a number of the leading marketmakers, already suffering big losses on their trading books after the violent swings in the markets recently, began to unload big lines of stock.

This move resulted in the FT-SE 100 dropping to the day's low of 3,088.5, a fall of 33.2. Thereafter the market began to creep better, as cheap buyers moved in to buy top quality defensive stocks.

The market's big recovery began just after Wall Street opened and was first seen in the FT-SE future, which, having lingered just above its 3,080 support level, suddenly bounded ahead amid talk of big US buying and short covering from a number of UK institutions. Marketmakers in the cash market also reported a sudden burst of buying in the financial sectors around the same time.

Resulting gains drove the 100 index up to a session-high of 3,133.9, a gain of 11.8, before profit-taking took the shine of the index at the close. The financial sectors, which have underperformed substantially in recent months, were in the vanguard of the rally.

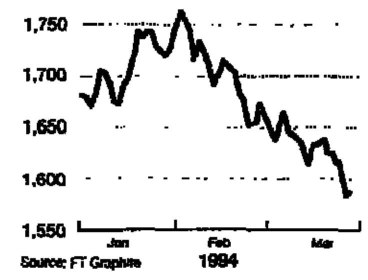
Turnover of 850.5m shares was easily the week's highest, while the value of customer business transacted on Thursday was revealed as topping the £2bn-mark, the highest for some weeks. Senior dealers said there was a widespread feeling that the new account may see a technical bounce in the market but warned of further violent swings until bond markets settle down.

Account Dealing Dates

*First Dealings:		
Mar 14	Mar 28	Apr 11
Option Declarations:		
Mar 24	Apr 7	Apr 21
Last Dealings:		
Mar 25	Apr 8	Apr 22
Account Day:		
Apr 5	Apr 18	May 3

*New time dealings may take place from two business days earlier.

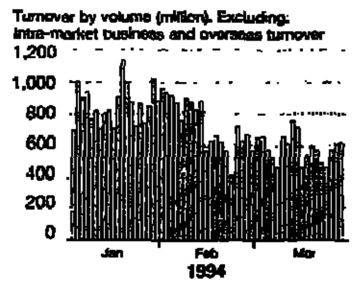
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Key Indicators

Indices and ratios

FT-SE Mid 250	3775.2	-20.5
FT-SE-A 350	1589.1	+0.8
FT-SE-A All-Share	1581.24	-0.20
FT-SE-A All-Share yield	3.67	(3.66)
FT Ordinary index	2473.1	+4.6
FT-SE-A Non Fins p/e	21.03	(21.07)
FT-SE 100 Fut Jun	3138.0	+13.0
10 yr Gilt yield	7.83	(7.68)
Long gilt/equity yld ratio:	2.22	(2.18)

FT-SE 100 Index

Closing index for Mar 25	3129.0
Change over week	-136.1
Mar 24	3121.7
Mar 23	3155.3
Mar 22	3201.5
Mar 21	3198.0
High*	3224.6
Low*	3088.5

*Intra-day high and low for week

TRADING VOLUME

Major Stocks yesterday

	Vol. 000s	Closing price	Day's change		Vol. 000s	Closing price	Day's change
ASDA Group†	9,600	58½	-½	Lonrho	3,400	154	
Abbey National†	4,400	478	+5	Lucas	2,900	195	
Albert Fisher	2,200	57	-3	MEPC†	688	470	+1
Allied-Lyons†	5,300	568	+7	MFI	30	166	
Anglian Water	465	498	+4	Manweb	231	838	-16
Argos	960	361	+4	Marks & Spencer†	3,500	418	
Argyll Group†	5,000	250	-2½	Midlands Elect.	289	808	-12
Arjo Wiggins†	836	297	+3	Morrison (Wm.)	1,300	117	-3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

EQUITY FUTURES AND OPTIONS TRADING

The end of the account and interest rate worries created a day of turmoil in stock index futures, with an early fall to 3,081 turned around by US buying.

The June contract on the FT-SE 100 closed at 3,138, about a point ahead of its fair value premium of around 10 points, with exceptionally high turnover. US institutions took it up to 3,147 in the afternoon before bond weakness pushed it back down.

Meanwhile, traded options turnover was 40,000. Volume in FT-SE options was 18,577, and Land Securities was the busiest stock option at 3,079.

FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3118.0	3138.0	13.0	3147.0	3081.0	23597	57238
Sep	-	3165.0	13.0	-	-	0	705
Dec	-	3165.0	14.0	-	-	0	0

FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3780.0	3775.0	5.0	3785.0	3738.0	289	2020

FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3775.0	3767.5	-7.5	3775.0	3760.0	4	772
Sep		3775.0					

All open interest figures are for previous day. † Exact volume shown.

FT-SE 100 INDEX OPTION (LIFFE) (*3436) £10 per full index point

	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P
Apr	197½	9½	151½	18	111½	29	75½	44	49½	65½	29½	98½	15½	135½	8	179
May	214	29	176	41	139½	54½	109½	74	81	95	60½	124	42	155½	28½	193
Jun			191	55½	165½	69½	128½	90½	100½	112	78½	140	58	169	43	203½
Jul	239½	51	203½	65	171½	81½	143½	102½	115	124	94	152½	72½	181½	57	215
Dec†			278	120½			214½	155½			162	202			115½	254

Calls 12,667 Puts 7,827

EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P
Apr	167½	14½	128½	22½	91½	34½	61½	54½	37½	81½	28½	114½	12	154½	5	197½
May	197½	37½	161	50½	128½	65½	98½	85	71	109½	50	138	34½	171½	22½	221
Jun			189	57			109½	96½			66	151½			36½	221
Sep			218½	91			159½	130			111	178½			74	239½
Dec†			258½	121½			198	159			148	205			106	259½

Calls 2,246 Puts 951 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3850		3900		3950		4000		4050		4100		4150		4200	
Apr	24	106	13½	152½	7	170	39	240	2	287½		337½		½		

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 31 1993 based on Friday March 25 1994

Printing, Paper	+11.49	Support Services	-0.78	FT-SE 100	-8.47
Engineering	+7.46	Textiles & Apparel	-1.32	Retailers, Food	-8.47
Engineering, Vehicles	+6.64	Health Care	-1.36	Consumer Goods	-9.02
Leisure & Hotels	+6.59	Mineral Extraction	-1.80	Property	-9.63
Extractive Industries	+6.23	Transport	-2.29	Electricity	-9.67
Chemicals	+6.01	Services	-2.81	Insurance	-10.37
FT-SE SmallCap ex IT's	+5.62	FT Gold Mines Index	-2.83	Gas Distributors	-10.60
Media	+5.59	Oil, Integrated	-3.76	Retailers, General	-10.70
Oil Exploration	+4.17	Electronic & Elec Equip	-4.00	Pharmaceuticals	-10.92
FT-SE SmallCap	+4.02	Non-Financials	-4.38	Household Goods	-11.22
Diversified Inds	+3.86	Breweries	-4.48	Water	-11.49
Gen Manufacturers	+3.47	Life Assurance	-5.55	Utilities	-12.54
Distributors	+2.99	Spirits, Wines & Ciders	-5.83	Financials	-13.52
Building & Construction	+1.26	FT-SE-A All Share	-6.00	Merchant Banks	-14.12
FT-SE Mid 250 ex IT's	+0.40	Investment Trusts	-6.23	Telecommunications	-15.40
FT-SE Mid 250	-0.43	Food Manufacturers	-6.56	Banks	-17.54
Building Matls & Merchs	-0.56	FT-SE-A 350	-6.69	Tobacco	-18.25

FT - SE Actuaries Share Indices — The UK Series

	Mar 25	Day's chge%	Mar 24	Mar 23	Mar 22	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return	1993/94 High		1993/94 Low		Since compilation High		Since compilation Low	
FT-SE 100	3129.0	+0.2	3121.7	3155.3	3201.5	[illegible]													
FT-SE Mid 250	3775.2	-0.5	3795.7	[illegible]															
FT-SE Mid 250 ex Inv Trusts	[illegible]																		
FT-SE-A 350	1589.1	+0.1	[illegible]																
FT-SE SmallCap	[illegible]																		
FT-SE SmallCap ex Inv Trusts	[illegible]																		
FT-SE-A ALL-SHARE	1581.24		[illegible]																

FT-SE Actuaries All-Share

10 MINERAL EXTRACTION(18)	[illegible]
20 GEN MANUFACTURERS(284)	[illegible]
30 CONSUMER GOODS(94)	[illegible]
40 SERVICES(221)	[illegible]
60 UTILITIES(36)	[illegible]
69 NON-FINANCIALS(653)	[illegible]
70 FINANCIALS(104)	[illegible]
80 INVESTMENT TRUSTS(121)	[illegible]
89 FT-SE-A ALL-SHARE(858)	1581.24 [illegible]

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3118.1	3117.3	3107.6	3097.6	3099.8	3097.5	3104.0	3096.8	3132.8	3133.9	3088.5
FT-SE Mid 250	3790.7	3789.6	3785.4	3787.6	3787.6	3785.3	[illegible]	[illegible]	3775.2	3791.5	3773.0
FT-SE-A 350	1586.5	1586.0	1581.9	1576.3	1577.0	1576.0	1578.7	1575.4	1590.6	1590.9	1572.8

Time of FT-SE 100 High: 4.07pm Low: 10.33am

FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1278.7	1278.2	1272.3	1264.6	1263.1	1258.9	1257.2	1253.3	1256.0	1257.3	1280.6	-23.3
Pharmaceuticals	2864.9	2862.7	2858.4	2851.1	2847.6	2845.4	2848.4	2879.5	2872.8	2863.8	+8.8	
Water	1830.6	1833.9	1830.4	1830.8	1826.1	1824.3	1819.2	1839.1	1836.1	1830.5	+5.6	
Banks	2851.7	2843.2	2818.8	2820.3	2838.4	2848.7	2832.2	2890.5	2887.3	2860.0	+27.3	

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FT-SE Total Return Indices	31/12/92	1000.00	FT-SE Mid 250 ex Inv Trusts	31/12/85	1412.60	Water	29/12/89	1000.00
FT-SE SmallCap	31/12/92	1363.79	FT-SE-A 350	31/12/85	682.94	Non-Financials	10/4/62	100.00
FT-SE SmallCap ex Inv Trs	31/12/92	1363.79	FT-SE 100	31/12/83	1000.00	FT-SE-A All-Share	10/4/62	100.00
FT-SE Mid 250	31/12/85	1412.60	Electricity	31/12/90	1000.00	All Other	31/12/85	100.00

UK Gilts Indices	31/12/75	100.00
Index-Linked	30/4/82	100.00
Debs and Loans	31/12/77	100.00

The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-SE Actuaries All-Share Index and the FT-SE SmallCap Index are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1994. © The Financial Times Limited 1994. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. [illegible]

Windfall prospects boost Gas

Anticipation of a big boost to revenues at British Gas saw heavy turnover and a rally in the shares, which closed 6 up at 304p yesterday. Investors were buying ahead of the expected windfall to the company from customers paying early and beating the imposition of value added tax on gas bills.

Turnover rose to 18m, making it the most heavily traded Footsie stock in the market. Volume was boosted by a block of 5m shares taken at 295p and placed at 298p.

Dealers said the company had already received more than £100m in advance payments and was expected to net around £500m ahead of the VAT deadline at the end of the month. The effect will be to boost earnings by about £30m, according to some analysts.

Stakis deal mooted

Suggestions that Stakis is close to clinching a deal to buy a clutch of four star hotels worth in the region of £80m were being heard in the market yesterday. The Scottish hotel group is said to have been visiting its big institutional investors in recent weeks in readiness for an announcement.

With the hotel industry presently awash with unwanted chains, leisure specialists had little trouble naming possible contenders. Favourite is the Copthorne chain owned by Aer Lingus, which is known to have interested both Stakis and Forte in the past, although the price being asked by the Irish group is believed to have been discouraging. Queens Moat Houses, the troubled hotel group, was another name being mentioned. It may be tempted into selling some hotels to reduce its debts.

Any deal of such a size would involve Stakis in a cash raising exercise. Yesterday Stakis shares were steady at 85p. Forte survived a James Capel downgrade to close a half-penny up at 257½p.

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (17).

BANKS (1) Sumitomo Trust & Bk, ELECTRNC & ELECT EQUP (2) Forward Technology, Thorpe (FW), ENGINEERING (1) Morgan Crucible 7.5pc PL, ENG, VEHICLES (1) Volkswagen, EXTRACTIVE INDS (2) Kidston Gold, Precious Metals, HEALTH CARE (2) Amersham, Ferraris, HOUSEHOLD GOODS (1) Portmeirion Potts., LEISURE & HOTELS (1) Aberdeen Steak Houses, MEDIA (1) Telegraph, RETAILERS, GENERAL (2) Goldsmiths, Oliver, SUPPORT SERVS (1) BNB, TRANSPORT (1) IoM Steam, CANADIANS (1) TVX Gold.

NEW LOWS (72).

GILTS (27) OTHER FIXED INTEREST (1) Fin. 13pc 97/02, BANKS (1) Standard Chrtd. 7¾pc PL, BUILDING & CNSTRN (1) VHE, DIVERSIFIED INDLS (1) Trafalgar Hse. 6p Pf., ENGINEERING (2) Ferrum, Harris (Ph), ENG, VEHICLES (1) Benson, FOOD MANUF (4) Canadian Pizza, Northern, Usborne, Yorkshire, HEALTH CARE (5) Biocomp, Celsis, Intercare,Life Sciences, Shield Diagnostics, INSURANCE (3) Abtrust Lloyds, Hiscox Select, Premium, INVESTMENT TRUSTS (8) Baring Emrg. Euro, Do Wrts., Govett High Inc., Johnson Fry Second Utls., Do Zero Pf., Thornton Pan Euro Zero Pf., LEISURE & HOTELS (2) Hozelock, Tring, MEDIA (2) CentreGold, Gold Greenlees Trott, OIL EXPLORATION & PROD (1) Coplex Resources, OTHER SERVS & BUSNS (1) Shanks & McEwan, PHARMACEUTICALS (2) Huntingdon, Proteus, PRTNG, PAPER & PACKG (1) Crest Packaging, PROPERTY (6) Chelsfield, Prior, RETAILERS, FOOD (1) Geest, RETAILERS, GENERAL (2) Betterware, Colorvision, SUPPORT SERVS (4) Sorlend, Business Post, Clinical Computing, Salvesen (Ch), TEXTILES & APPAREL (1) Sherwood, AMERICANS (1) Houston Inds.

Shares in Wellcome recovered from the three-year low achieved on Thursday following disappointing figures and rose 22 to 572p with supportive brokers reiterating their positive stances.

UBS repeated its buy recommendation arguing that the shares, at a 34 per cent discount to the market but with growing earnings and a rising yield premium, were very oversold. Wellcome also benefited from positive newspaper comment. However, some securities houses are becoming increasingly cautious. Smith New Court backed away from its 'mild buy' and Goldman Sachs cut profit forecasts for Wellcome's figures over the next four years. Goldman moved to £710m from £725m for this year, £750m from £790m for next year and to £800m and £855m for 1996 and 1997.

Oil stocks hung fire as the first day of the Opec meeting provided no indications on the direction of a a decision on quotas. Many analysts expect the quota of 24.5m barrels a day to be maintained which might well send oil prices lower. Shell Transport fell 6 to 656p but BP slipped down 1 to 373p.

Exploration and telecoms group Pittencrieff lifted 11 to 411p after the company announced further details of the proposed demerger of its PCI telecoms arm, which it hopes to list on the London market.

Banks and insurances led the way forward as a rush of US interest in the oversold sectors forced marketmakers who had cut back their trading books on the last day of the trading account to struggle for stock. The short covering sent Lloyds up 22 to 568p, Barclays up 12 to 537p, Royal Insurance 12 to 271p Sun Alliance up 17 at 343p.

One advance in an otherwise weak electricity sector came as Eastern again went into the market, buying 550,000 shares at between 627 and 630p. The stock added 3 to 633p.

Beazer Homes made a fair market debut, but talk prior to trading that it would be marked down proved right as the shares came under immediate pressure. After opening at 165p, they fell 10, before recovering to close a net 3 off at 162p. Turnover was a massive 53m.

It was a less auspicious start for MAID, the computer services group, which came to the market at 110p and slipped down to close at 102p. Turnover was 708,000.

Drinks giant Allied Lyons basked in positive comment following the £739m takeover of Domecq, the Spanish spirits group, and the shares gained 7 to 568p. Merrydown, the cider group, announced the loss of its finance director. The shares slid 16 to 133p.

Geest retreated 17 to 245p after unveiling poor results on Thursday, pulling down Fyffes 6 to 94p.

There was heavy volume in Kingfisher as buyers returned following recent underperformance prompted mainly by strategic concerns prior to and after its results this week. The shares rose 5 to 550p, with turnover touching 8m. There was further support for Great Univeral Stores, buoyed by continued talk of an imminent share buy-back, and the shares finished 10 up at 584p with turnover at 4.2m.

Rolls-Royce was one of the few engineering stocks to hold up well in the depressed morning trading, bouncing back from heavy selling in the past couple of weeks. It closed 4 up at 184¼p.

Other engineering stocks doing well included BICC up 4 to 438p and Delta up 6 to 542p amid bid speculation.

BTR was hit by profit-taking late in the session, closing down 4¼ at 377p after dropping to 374p during the day.

Garton Engineering fell back 2 to 124p despite good results.

Vehicle distributors also had a dull day with T Cowie closing down 10 at 304p and Evans Halshaw dropping 9 to 534.

Among transport stocks, P&O continued its good run after Thursday's figures, rising another 14 to 709p, after pushing ahead 27 at one stage yesterday. National Express was also in demand early on after posting a 36 per cent profit rise, but ticked back to close unchanged at 270p.

IOMS Packet rose 22 to 310p ahead of Monday's results.

Among leading companies reporting full-year figures on Monday, Pearson bounced 15 to 635p and Inchcape slipped 5 to 552p.

Shipping company James Fisher fell 30 to 55p after revealing a £5.6m annual loss.

MARKET REPORTERS:
Christopher Price,
Peter John,
Clare Gascoigne.

Other statistics, Page 11

CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises

Airtours	485	+	13
Chrysalis	161	+	8
Forward Tech	33½	+	3
Isle of Man Stm	310	+	22
Lloyds Bank	568	+	22
Pittencrieff	411	+	11
Royal Ins	271	+	12
Sun Alliance	343	+	17
Wellcome	572	+	22

Falls

Atlas Conv Equip	533	-	20
Ayrshire Metal	83	-	12
Baldwin	95	-	8
Capital Inds	154	-	15
Dale Elect	74	-	8
Fisher (James)	55	-	30
Fyffes	94	-	6
Geest	245	-	17
Merrydown	133	-	16
Norbain	318	-	32
Phonelink	371	-	24
Proteus	292	-	24
Reflex	43	-	3
Staveley	212	-	15

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 25.03.94: Pool purchase price £/MWh	Final Prices for Trading on 24.03.94: Pool purchase price £/MWh	Pool selling price £/MWh
0030	15.74	18.67	18.67
0100	19.32	33.26	38.23
0130	18.54	33.26	38.23
0200	19.32	33.26	38.23
0230	18.05	18.38	21.35
0300	14.04	18.38	21.35
0330	14.04	18.38	21.35
0400	15.84	17.83	20.80
0430	10.85	17.35	20.32
0500	10.91	16.80	16.80
0530	10.95	16.38	16.38
0600	10.95	16.38	16.38
0630	10.95	16.40	16.40
0700	10.97	16.40	16.40
0730	10.97	16.40	16.40
0800	10.97	16.40	16.40
0830	14.70	16.40	16.40
0900	17.38	16.60	19.57
0930	20.47	16.61	19.58
1000	19.27	16.62	19.59
1030	20.47	16.62	19.59
1100	20.47	16.62	19.59
1130	18.29	16.62	19.59
1200	15.57	16.62	19.59
1230	15.57	16.62	19.59
1300	15.57	16.56	19.53
1330	14.70	16.60	19.57
1400	10.97	16.55	19.52
1430	10.85	16.52	16.52
1500	10.84	16.40	16.40
1530	10.83	16.38	16.38
1600	10.82	16.38	16.38
1630	10.89	16.40	16.40
1700	10.95	16.50	16.50
1730	15.62	18.67	21.65
1800	15.63	25.94	28.91
1830	17.38	29.50	32.47
1900	20.47	29.50	32.47
1930	25.00	25.94	28.91
2000	25.00	24.73	27.71
2030	18.27	18.67	21.65
2100	15.57	18.67	21.65
2130	15.57	16.50	16.50
2200	14.70	16.38	16.38
2230	10.97	16.32	16.32
2300	10.96	10.68	10.68
2330	10.89	10.67	10.67
2400	10.89	10.61	10.61

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.66/MWh becomes 1.666p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456798 between 8:30am and 5:15pm Monday to Friday.
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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	145.8	167.0	175.8	-1.20	0.00
AIB Grofund Equity	6	233.7	238.4	250.1	-3.40	1.78
AIB Grofund Euro.	5	198.3	199.8	210.3	-1.00	0.01
AIB Grofund Exp Balanced	3	114.3	115.4	119.8	-1.30	1.41
AIB Grofund Gilt	3	78.56	76.56	78.93	-1.01	4.43
AIB Grofund Japan	5	184.8	188.5	198.4	+2.10	0.00
AXA Equity & Law Unit Tst Mngrs (1200)H						
Equity & Law Hse, Corpn St, Coventry 0203 553231						
General Inc	5	459.5	461.3	490.7	-4.9	2.38
General Acc.	6	514.2	516.1	549.1	-4.2	2.38
UK Growth Acc	6	344.1	348.8	371.1	-4.8	2.58
UK Growth Inc	6	341.0	344.3	250.6	-3.4	2.68
Higher Inc Acc.	6	835.0	844.0	685.2	-9.8	3.57
Higher Inc Inc.	6	379.8	385.3	409.9	-5.7	3.57
Gilt&Fxd Int Acc	5½	182.8	182.8	162.9	-1.7	6.09
Gilt&Fxd Int Inc.	5½	91.23	91.23	96.36	-1.88	6.08
Nth America	6	253.1	258.4	276.0	-6.3	0.00
Far East	6	352.4	352.4	374.9	+0.7	0.00
Europe	6	260.9	269.2	286.4	-3.1	0.57
Brit Excell	6	68.91	68.91	73.31	-1.2	2.77
Brit Fndmtls Acc	6	96.54	97.94	104.2	-1.3	4.40
Brit Fndmtls Inc	6	72.17	73.45	78.14	-0.94	4.40
Global Opps	6	84.07	85.73	91.21	-0.88	0.00
Balanced Acc	5	52.14	52.61	56.79	-0.64	2.51
Balanced Inc	6	51.67	52.34	55.60	-0.63	2.51
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Capel-Cure Myers UT Mngt Ltd - Contd.						
Exempt Fund						
High Yield	2	1307.80	1316.00	[illegible]	[illegible]	4.07
(Accum Units)	2	1572.80	1585.00	[illegible]	[illegible]	4.07
Capital House Unit Tst Mgrs (1200)F						
Capital House, Festival Square, Edinburgh.						
031-228 4477 Dealing 0800 [illegible]						
American Gwth Tst	6	37.18	37.58	40.20	-0.48	0.22
American Gwth Tst Acc	6	37.37	37.82	40.44	-0.49	0.22
Cash Acc	0	61.94	61.94	61.94	+0.01	4.98
Do Income	0	50.88	50.88	50.88	—	4.98
European Gwth	6	39.34	39.34	41.94	-0.64	0.36
Income & Gwth Acc	6	30.21	30.21	32.31	-0.74	4.25
Do Income	6	27.35	27.35	29.25	-0.67	4.23
Intnl Gwth	6	31.40	31.40	33.59	-0.3	0.55
Japan Gwth	6	28.52	28.52	30.50	+0.41	—
Managed Tst Acc	6	80.10	80.29	83.78	-0.62	1.54
Do Income	6	48.85	48.81	52.20	-0.6	1.54
Oriental Opps Acc	6	142.2	142.2	152.0	-1.2	—
Do Income	6	138.4	138.4	148.0	-1	—
Property Shared	6	43.21	44.94	48.08	-0.52	0.57
Smaller Cos	6	32.07	32.07	34.29	-0.43	1.54
UK Growth Tst	6	25.37	25.57	27.34	-0.38	2.20
Royal Scottish Assurance						
Roy Scot/Cap Hse Gobal Acc	6	75.61	76.02	81.30	-0.91	1.69
Do Income	6	70.72	71.10	76.04	-0.85	1.69
Roy Scot/Cap Hse UK Acc	6	70.05	70.47	75.36	-1.14	2.44
Do Income	6	65.03	65.42	69.96	-1.06	2.44
CH Unit Managers Ltd (formerly Brown Shipley)						
CH Mgd Euro Inc	6	25.85	25.85	27.64	-0.29	0.39
CH Mgd Europ Acc	6	26.61	26.61	28.67	-0.3	0.39
CH Financial	6	148.1	148.1	158.3	-1.3	1.78
CH Foundation	6	89.49	91.34	97.68	-1.18	2.28
CH German	6	50.88	50.88	54.38	-0.11	—
CH High Income	6	75.21	76.10	81.38	-1.02	5.43
CH Income	6	134.9	134.9	144.2	-1.4	3.73
CH Mgd Intl Growth	6	38.30	38.30	40.96	-0.3	—
CH Mngd Pfolio Inc	6	103.0	103.0	110.1	-1.6	1.86
CH Mngd Pfolio Acc	6	196.8	196.8	210.4	-3.1	1.86

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Peloton York UT Mngrs (0800)F						
The Crescent, King St, Leicester LE1 6RX 0533 550540						
SR Director Dealings	5½	99.32	102.85	109.53	-1.27	—
Portfolio Fund Management Ltd (0800)F						
1 White Hart Yard, London SE1 1NX 071-407 5966						
Portfolio Fund of Funds	6	162.36	165.34	174.04	—	0.61
Effective Initial Charge reduces for investments over 25,000						
Premium Life Unit Tst Mngrs Ltd (1400)F						
37 Perrymount Rd, Haywards Heath 0444 458721						
Monthly Income	6	57.85	58.53	63.16	-0.51	1.45
Growth Accum	6	61.22	63.49	67.28	-0.24	1.45
Growth Income	6	60.92	63.19	66.98	-0.24	1.45
Principal Unit Trust Mngmt Ltd (1600)F						
16 South Park, Sevenoaks, TN13 1AN 0732 740700						
Principal Tst	5¼	130.92	132.22	140.87	-0.12	1.73

* Compound Annual Rate

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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Thornton Unit Managers Ltd (1200)F

[illegible]

Waverley Unit Tst Mngmt Ltd (1000)F

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

INSURANCES

[illegible]

FT MANAGED FUNDS SERVICE (Insurances, contd.)

[illegible]

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Scottish Amicable

150 St Vincent St, Glasgow 041-248 2323

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds (First Series)				
Managed	461.1	485.4	+0.30	-
Equity	570.7	600.8	+1.50	-
Property	287.9	303.1	+0.10	-
International	470.5	495.3	-1.40	-
Japanese	127.3	134.0	+0.90	-
Asia Pacific	189.9	199.7	-0.70	-
European	128.3	135.1	-1.00	-
American	180.7	189.2	-1.70	-
Fixed Interest	361.6	380.7	-4.10	-
Index-Linked Gilt	193.6	203.8	-1.20	-
Cash	225.1	237.0	---	-
Life Funds (Second Series)				
Managed	128.9	135.7	+0.10	-
Equity	170.2	179.7	+0.30	-
Property	121.5	127.9	+0.10	-
International	146.0	153.7	-0.90	-
Japanese	128.0	134.8	+0.90	-
Asia Pacific	183.0	192.7	-0.70	-
European	127.7	134.5	-1.00	-
American	157.7	166.0	-1.80	-
Fixed Interest	136.5	143.7	-1.80	-
Index-Linked Gilt	124.3	130.8	-0.70	-
Cash	112.1	118.1	---	-
Pension Funds				
Building Society	179.6	189.1	---	-
Managed (Int)	258.4	272.1	-0.10	-
Managed (Acc)	536.2	564.6	-0.40	-
Equity (Int)	285.5	300.6	+0.40	-
Equity (Acc)	592.4	623.6	+0.70	-
Property (Int)	174.8	184.1	+0.10	-
Property (Acc)	362.9	382.0	+0.20	-
International (Int)	270.7	285.0	-0.90	-
International (Acc)	561.8	591.4	-1.80	-
Fixed Interest (Int)	228.1	240.2	-2.20	-
Fixed Interest (Acc)	473.4	498.4	-4.50	-
Cash (Int)	152.4	160.5	---	-
Cash (Acc)	316.4	333.1	+0.10	-
Exempt Emerging Cos	89.90	94.70	-0.10	-
Exempt Established Cos	90.90	95.70	+0.40	-
Exempt Japanese	100.6	105.9	+0.9	-
Exempt Asia-Pacific	85.30	89.80	-0.4	-
Exempt European	93.90	98.90	-0.9	-
Exempt American	94.10	99.10	-1.1	-
Others				
Capital Guarantee Bond	107.2	112.8	-1.20	-

Scottish Equitable plc

28 St Andrew Sq, Edinburgh 031-556 9101

	Bid Price	Offer Price	+ or -	Yield Gross
Mixed	251.8	265.1	-2.8	-

Standard Life Assurance Company

3 George St, Edinburgh EH2 2XZ 031-225 2552

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	692.7	729.2	-4.4	-
Equity	976.9	1028.3	-6.3	-
Fixed Interest	388.0	408.4	-8.4	-
Index-Linked	205.1	215.9	-2.1	-
International	625.1	658.1	-2.7	-
North American	145.8	153.5	-1.8	-
Far East	173.7	182.9	---	-
European	171.2	180.3	-1.0	-
Property	345.8	364.0	+0.1	-
Cash	263.3	277.2	---	-
Pension Managed	969.6	1020.7	-6.7	-
Pension Stock Exchange	218.8	230.4	-1.5	-
Pension Equity	1402.2	1476.1	-9.3	-
Pension Fxd Int	524.2	551.8	-11.1	-
Pension Index-Linked	283.4	298.4	-3.9	-
Pension International	882.7	929.2	-8.0	-
Pension Property	453.7	477.6	+0.3	-
Pension Cash	407.3	428.7	---	-
Pension Nth American	182.2	191.8	-2.8	-
Pension Far East	139.3	146.7	-0.1	-
Pension European	205.8	216.7	-1.3	-

Sun Alliance Group

St Mark's Court Horsham 0403 232323

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed	654.6	689.3	-7.3	-
Deposit	289.7	305.0	---	-
Equity	843.0	887.4	-12.0	-
Equity Income	228.9	241.0	-3.4	-
European	170.0	179.0	-1.5	-
Far East	231.8	244.0	+1.3	-
Fixed Interest	405.7	427.1	-8.1	-
Index Linked	308.3	324.6	-4.3	-
International	648.4	682.6	-8.3	-
North America	253.9	267.3	-4.6	-
Property	509.3	536.2	-0.8	-
Worldwide Bond	169.8	186.1	-0.9	-
International Bond	591.20		---	-
UK Leader	111.6	117.5	-1.8	-
Broker Funds				
Chapman Private Managed	109.5	116.3	-1.0	-
IAS Emerging Markets	116.7	122.8	-0.2	-
IAS Medium	100.7	106.0	-0.7	-
IAS Low Risk	86.10	90.70	-0.80	-
IAS Discretion	189.2	199.0	-1.5	-
IAS Maximum	231.0	243.2	-1.3	-
Index Control Monitor	106.2	111.8	-0.8	-
Index Selective Growth	225.7	237.6	-3.8	-
Index Worldwide Growth	252.4	265.7	-3.1	-
[illegible] Growth	259.0	272.7	+0.1	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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INVESCO International Limited

All Funds deal daily except where indicated

	Bid Price	Offer Price	+ or -	Yield Gross
Sterling Denominated Income Funds				
American Equity Inc	[illegible]	[illegible]	-0.0020	3.06
Japan Inc & Grth	[illegible]	2.2260	-0.0130	1.30
Sterling Denominated Growth Funds				
Pioneer Markets	[illegible]	[illegible]	-0.0330	-
C Mng Portfolio	[illegible]	2.7450	[illegible]	1.26
Apollo Fd Mar 23	[illegible]	120.77	—	-

Jupiter Tyndall (Jersey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Gilt Fd	118.7	124.7	-1.0	2.00
Managed Currency Stg	129	130	—	-
International	404	500	-3	0.24

Lloyds Bank Trust Co (CI) Mngrs

Dealing Weekly on Thursday

Lombard Odier (Jersey) Ltd

Fixed Income Funds

Den norske Bank

2 boulevard Royal, Lux 010 352 4590 3271

Dise Income Fund

Dolphin Intl Investments (u) SICAV

Dresdnerbank Asset Mngmt SA (u)

E.T. Investment Management Ltd

Eagle Star – Global Assets Fund (u)

All funds are denominated in Ecu. Prices quoted are Sterling equivalent.

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

Wells Fargo U.S. IT Fund

	Bid Price	+ or -	Yield
Wells Fargo A Shs (z)	$12.41	-0.13	-
Wells Fargo B Shs (z)	$13.51	+0.09	-

Worldwide Limited

NAV Feb 28	$92.34	—	-

Xiphias International Investment Fd Ltd

Xiphias Int US$ Acc	$1.4691	—	-
Xiphias Int ECU Acc	Ecu1.5634	—	-
Xiphias Int ECU Dis	Ecu1.3716	—	-

Yamaichi Capital Management (Guernsey) Ltd

Thai Inv Fund	$19.15	—	-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities). ε Offered price includes all expenses except agent's commission. z Previous day's price. ⊠ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Financial Services Department; Luxembourg: Institut Monétaire Luxembourgeois.

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Mar 25 / US$) (3 pm)

[illegible]

CANADA (Mar 25 / Can. $) (3 pm)

[illegible]

EUROPE

AUSTRIA (Mar 25 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Mar 25 / Frs.)

[illegible]

DENMARK (Mar 25 / Kr)

[illegible]

FINLAND (Mar 25 / Mks)

[illegible]

FRANCE (Mar 25 / Frs.)

[illegible]

GERMANY (Mar 25 / Dm.)

[illegible]

ITALY (Mar 25 / Lire)

[illegible]

NETHERLANDS (Mar 25 / Fls.)

[illegible]

NORWAY (Mar 25 / Kroner)

[illegible]

SPAIN (Mar 25 / Pts.)

[illegible]

SWEDEN (Mar 25 / Kronor)

[illegible]

SWITZERLAND (Mar 25 / Frs.)

[illegible]

AFRICA

SOUTH AFRICA (Mar 25 / Rand)

[illegible]

PACIFIC

JAPAN (Mar 25 / Yen)

[illegible]

AUSTRALIA (Mar 25 / Aus$)

[illegible]

HONG KONG (Mar 25 / H.K.$)

[illegible]

MALAYSIA (Mar 25 / MYR)

[illegible]

SINGAPORE (Mar 25 / S$)

		+/-	High	Low	Yld	P/E
DBS	11.10	-.10	12.70	8.90	0.7	—
Fr&Nv	16.30	-.90	19.60	10	0.8	—
GtFIAs	2.55	..	3.60	2.48	3.3	—
HawPar	3.18	+.04	4	2.30	3.5	—
Inchcp	4.84	-.04	7.15	4.82	2.1	—
Keppel	9.90	...	12.60	6.40	1.2	—
OCBC	12.70	-.30	16.70	9.45	0.8	—
OUB	7.05	-.15	9.05	4.68	0.9	—
S AirF	10.50	-.20	14.10	8.45	2.1	—
SPress	13.50	—	16	8.40	2.2	—
S'poreT	3.38	-.12	5	3.14	—	—
StraitR	3.42	-.06	4.34	2.88	3.8	—
TatLee	4.10	-.04	6.30	2.45	2.0	—
UOB	9.75	—	12.10	5.65	1.8	—

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1993. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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INDICES

	Mar 25	Mar 24	Mar 23	1993/4 High		1993/4 Low	
Argentina							
General (29/12/77)	(u)	19825.92	20678.24	25470.40	16/2/94	12167.66	8/3/93
Australia							
All Ordinaries (1/1/80)	2151.6	2169.8	2180.9	2340.60	3/2/94	1495.00	13/1/93
All Mining (1/1/80)	1049.9	1044.8	1048.3	1138.10	3/2/94	594.70	13/1/93
Austria							
Credit Aktien(30/12/84)	438.12	444.67	446.17	460.66	2/2/94	300.28	14/1/93
Traded Index(2/1/91)	1132.96	1155.69	1160.09	1222.25	1/2/94	712.08	15/1/93
Belgium							
BEL20 (1/1/91)	1481.80	1494.49	1505.52	1542.65	9/2/94	1125.46	4/1/93
Brazil							
Bovespa (29/12/83)	(u)	13766.0	14157.0	14157.00	23/3/94	71.47	4/1/93
Canada							
Metals Mins♦(1975)	(u)	3802.51	3870.68	3879.59	18/3/94	2743.31	21/1/93
Composite♦ (1975)	(u)	4569.70	4609.90	4609.90	23/3/94	3275.80	21/1/93
Portfolio§§ (4/1/83)	(c)	2140.35	2156.12	2182.89	1/2/94	1720.97	21/1/93
Chile							
IPSA Gen (31/12/80)	(u)	4210.2	4279.5	4867.80	4/2/94	2812.58	10/5/93
Denmark							
CopenhagenSE(3/1/83)	385.39	388.24	392.61	415.79	2/2/94	281.90	4/1/93
Finland							
HEX General(28/12/90)	1806.7	1838.0	1841.0	1872.00	4/2/94	843.10	22/1/93
France							
SBF 250 (31/12/90)	1447.55	1462.96	1478.41	1585.20	2/2/94	1114.19	28/1/93
CAC 40(31/12/87)	2136.62	2152.56	2200.17	2355.93	2/2/94	1772.21	29/1/93
Germany							
FAZ Aktien(31/12/58)	817.86	827.87	826.72	856.67	4/1/94	598.82	14/1/93
Commerzbank(1/12/53)	2334.70	2365.90	2362.10	2459.00	4/1/94	1804.30	14/1/93
DAX (30/12/87)‡	2130.06	2161.68	2161.13	2267.98	3/1/94	1516.50	13/1/93
Greece							
Athens SE(31/12/80)	(c)	1059.15	1068.25	1194.58	18/1/94	667.72	5/1/93
Hong Kong							
Hang Seng(31/7/64)	9234.21	9030.75	9465.53	12201.08	4/1/94	5437.80	4/1/93
India							
BSE Sens (1979)	3678.1	3861.4	3726.8	4287.90	28/2/94	2100.67	23/4/93
Indonesia							
Jakarta Comp (10/8/82)	490.84	494.18	486.90	612.89	5/1/94	273.31	5/1/93
Ireland							
ISEQ Overall(4/1/88)	1971.50	1886.31	1910.69	2082.16	20/1/94	1191.18	11/1/93
Italy							
Banca Comm Ital (1972)	669.73	667.35	671.30	688.00	18/2/94	446.33	6/1/93
MIB General (4/1/94)	1063.0	1059.0	1065.0	1102.00	18/2/94	944.00	10/1/94
Japan							
Nikkei 225 (16/5/49)	19836.48	20037.90	19962.10	21148.11	13/9/93	16078.71	29/11/93
Nikkei 300 (1/10/82)	295.18	296.34	296.52	306.84	10/11/93	248.64	29/11/93
Topix (4/1/68)	1610.35	1614.91	1614.42	1698.67	3/9/93	1250.06	25/1/93
2nd Section (4/1/68)	2186.74	2180.91	2174.21	2384.97	7/6/93	1681.72	26/1/93
Malaysia							
KLSE Comp.(4/4/86)	970.10	983.52	999.95	1314.46	5/1/94	614.28	13/1/93
Mexico							
IPC (Nov 1978)	(u)	(c)	2543.57†	2881.17	8/2/94	1504.15	25/2/93
Netherland							
CBS TtlRtnGen(End 83)	419.8	423.0	429.8	454.90	31/1/94	295.70	4/1/93
CBS All Shr (End 83)	272.1	274.1	278.4	294.80	31/1/94	198.80	13/1/93
New Zealand							
Cap. 40 (1/7/86)	2150.01	2174.81	2208.72	2439.64	3/2/94	22.00	22/2/94
Norway							
Oslo SE(Ind)(2/1/83)	1139.44	1151.19	1159.44	1211.18	28/2/94	669.93	27/1/93
Philippines							
Manila Comp (2/1/85)	2831.07	2801.37	2803.06	3308.37	4/1/94	1270.88	4/1/93
Portugal							
BTA (1977)	3153.1	3154.7	3154.8	3225.60	18/2/94	1608.20	14/1/93
Singapore							
SES All-S'pore(2/4/75)	533.94	543.84	549.18	641.81	4/1/94	394.10	13/1/93
South Africa							
JSE Gold (28/9/78)	2215.0♥	2209.0	2124.0	2331.00	4/1/94	775.00	5/1/93
JSE Ind. (28/9/78)	5869.0♥	5974.0	5949.0	6140.00	18/3/94	4333.80	19/4/93
South Korea							
KoreaCmpEx(4/1/80)**	868.03	875.72	879.78	974.26	2/2/94	605.93	6/3/93
Spain							
Madrid SE (30/12/85)	329.39	330.58	335.36	358.31	31/1/94	215.80	4/1/93
Sweden							
AffarsvardinGen (1/3/37)	1438.60	1466.80	1482.60	1603.90	31/1/94	879.18	28/1/93
Switzerland							
Swiss Bk Ind (31/12/58)	1332.68	1337.70	1342.55	1428.34	31/1/94	904.80	11/1/93
SBC General (1/4/87)	993.79	998.93	1002.21	1083.29	31/1/94	678.70	11/1/93
Taiwan							
WeightedPr.(30/6/66)**	5352.87	5326.98	5331.27	6464.52	6/1/94	3098.43	9/1/93
Thailand							
Bangkok SET (30/4/75)	1280.07	1286.81	1286.44	1753.73	4/1/94	818.84	1/6/93
Turkey							
Istanbul Cmp.(Jan 1986)	13536.1	13980.7	13667.1	20883.60	13/1/94	3856.53	1/1/93
WORLD							
MS Capital Int (1/1/70)$	614.9*	613.7	617.2	641.00	1/2/94	498.60	13/1/93
CROSS-BORDER							
Eurotrack 100(26/10/90)	1412.49	1425.41	1445.73	1540.19	31/1/94	1060.02	13/1/93
Euro Top-100 (26/6/90)	1217.62	1224.98	1238.04	1311.01	2/2/94	862.73	13/1/93
JCapeDrgns (31/12/88)	(u)	307.04	309.90	395.18	5/1/94	198.92	4/1/93
Barings Emerg(7/1/92)	158.12	160.66	158.96	182.72	14/2/94	99.81	4/2/93

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Mar	2160.0	2137.0	-26.0	2169.0	2112.0	38,163	30,049
Apr	2168.5	2147.5	-26.0	2179.0	2124.0	4,905	9,105
May	2172.0	2151.0	-28.0	2172.0	2139.0	41	6,795

Open interest figures for previous day.

** Sat Mar 19: Taiwan Weighted Price 5194.63; Korea Comp Ex 893.93. Base values of all Indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Mar 25 - 2144.00 -0.38

US INDICES

Dow Jones	Mar 24	Mar 23	Mar 22	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Industrials	3821.09	3869.46	3862.55	3978.36 (31/1/94)	3241.95 (20/1/93)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	101.74	101.92	101.80	109.77 (18/10/93)	101.74 (24/3/94)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1708.03	1725.81	1714.42	1862.29 (2/2/94)	1453.84 (4/1/93)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	204.06	206.50	207.95	256.46 (31/8/93)	204.06 (24/3/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3865.42 (3901.41) Low 3792.58 (3838.80) (Theoretical♣)
Day's high 3869.46 (3881.56) Low 3803.53 (3857.06) (Actual♣)

Standard and Poors	Mar 24	Mar 23	Mar 22	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Composite ‡	464.35	468.54	468.80	482.00 (2/2/94)	429.05 (8/1/93)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	544.30	549.57	549.76	580.58 (2/2/94)	486.46 (26/4/93)	580.58 (2/2/94)	3.62 (21/6/32)
Financial	43.75	44.08	44.02	48.40 (28/9/93)	39.89 (8/1/93)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	257.96	260.28	260.24	267.71 (2/2/94)	236.21 (8/1/93)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	469.66	473.38	471.73	487.89 (2/2/94)	395.84 (8/1/93)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	786.68	797.51	796.34	803.93 (18/3/94)	645.87 (26/4/93)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Mar 18	Mar 11	Mar 4	Year ago
Dow Jones Ind. Div. Yield	2.62	2.61	2.62	2.95
	Mar 23	Mar 16	Mar 9	Year ago
S & P Ind. Div. yield	2.39	2.37	2.37	2.49
S & P Ind. P/E ratio	24.83	24.58	24.53	26.13

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	464.70	465.20	+0.10	465.90	464.05	87,650	180,737
Sep	467.70	467.35	+0.25	467.70	467.15	1,009	5,294
Dec	469.90	469.70	+0.35	469.80	469.50	50	4,468

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Telefonos	11,553,000	60¾	-3⅝
Limited	4,927,400	22⅞	+1½
Chrysler	4,455,900	58¼	-1⅞
Merck	4,192,400	30½	+⅛
Ford Motor	3,744,000	61⅛	-2
Gen Motors	3,434,300	58⅝	-2⅛
Placer Dome	2,599,500	25¼	+⅜
Sunshine Min	2,539,400	2⅝	+⅛
Citicorp	2,408,600	38⅞	—
Php Morris	2,361,200	52⅞	-¾

■ TRADING ACTIVITY

● Volume (million)	Mar 24	Mar 23	Mar 22
New York SE	303,742	178,483	284,056
Amex	18,513	20,341	20,675
NASDAQ	373,500	334,155	305,223
NYSE			
Issues Traded	2,781	2,747	2,780
Rises	520	1,151	1,165
Falls	1,729	956	927
Unchanged	532	640	687
New Highs	32	85	79
New Lows	120	41	67

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

WORLD STOCK MARKETS

AMERICA

Dow subdued after Thursday's plunge

Wall Street

US stocks fluctuated within a narrow range of their opening levels yesterday morning, as investors struggled to put the previous day's sell-off in perspective, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 6.62 lower at 3,814.47, while the more broadly based Standard & Poor's 500 was 0.23 easier at 464.58. In the secondary markets, the American SE composite slipped 0.71 to 468.95, and the Nasdaq composite edged 0.65 higher to 787.44.

By comparison with Thursday's heated session, which brought a 48 point plunge in the bellwether blue-chip index, yesterday's activity was subdued. Investors had only one shred of economic news to guide sentiment – a 9.9 per cent decline in February sales of existing homes – but the distorting effect of last month's bad weather mitigated any negative implications suggested by the steep downturn.

More importantly for stocks, the report failed to stir the US Treasury market, which drifted lower amid continued uncertainty in the debt markets generated by the assassination of Mr Luis Donaldo Colosio, the Mexican presidential candidate. Although the bonds showed little change, equity investors were hardly pleased to see the yield bid on the benchmark 30-year government issue creep dangerously close to the 7.00 per cent level, an important psychological barrier. By midday, the long bond was yielding 6.957 per cent.

However, at least one stock benefited from the upward shift in interest rates. Chrysler put on $1¼ to $54⅞ after a company official said higher rates would likely have a favourable impact on the economy and the company's performance.

Elsewhere, the most noteworthy activity was influenced by company-specific developments.

UAL, the parent of United Airlines, jumped $6⅞ to $130⅞ after the company said it was in the final stages of negotiating the sale of 53 per cent of its equity to the carrier's employees.

But International Business Machines was marked down $1⅞ to $55 after a turnround strategy presented the previous afternoon by its chairman, Mr Louis Gerstner, drew mixed reviews from investors.

It was busy day for Wall Street's brokerage houses, which released plenty of market-moving investment advice.

Procter & Gamble gained $1⅞ to $54⅞ after Ms Constance Maneaty, an analyst at Bear Stearns, lifted her rating on the issue.

Bankers Trust, however, fell $1⅞ to $70⅞ on a downgrading by Mr George Salem of Prudential Securities. The analyst cut his its earnings estimate on the group, citing a more difficult business climate.

Canada

Toronto stocks blamed interest rate rises as the TSE-300 index tumbled 38.98 to 4,530.75 at midday. Canada's major banks raised their prime rates in the morning, the first prime rate rise since late August, 1993.

Mexico

Equities fell more than 100 points in early trading as the market reopened after Thursday's closure following the assassination of presidential candidate Mr Luis Donaldo Colosio.The IPC index was down 104.06, or 4.1 per cent, at 2,439.51 at midday. Volume was some 24m shares.

Brazil

São Paulo climbed 5.4 per cent in moderate midsession trade as investors returned to the market in a technical rebound. The Bovespa index was 751 higher at 14,517 at 1300 local time.

Hard-hit bank sector leads Zurich lower

Ian Rodger says US rate rises have hit confidence

The correction is over in the Swiss stock market - at least for now. That is the consensus among analysts who watched the market lose 10 per cent of its value last month before rebounding slightly early in March.

But there is not much confidence in an early or strong rally, which is hardly surprising considering the scale of the recent damage to some the leading shares.

The three big banks have been particularly hard hit. Following the old maxim that wise investors buy on speculation and sell on the news, shares of all three responded to the publication in the past few weeks of spectacular 1993 profit rises by heading decisively downwards.

Union Bank of Switzerland bearers were stuck at SFr1,204 yesterday, some 20 per cent below their 1994 high. CS Holding bearers at SFr647, have shed 15 per cent since their January peak.

This week, the main indices have been making only tentative moves in both directions. Yesterday, the SMI index of 18 leading shares ended at 2,831.8, little changed from the 2,843.5 point at the previous week's close. The all-share SPI at 1,823.1 was likewise not far from last week's 1,831.5 close.

Analysts take some comfort from the observation that both the correction and the current nervous mood derive largely from the recent US interest rate hikes, whereas the interest rate trend in Europe remains downward. Inflation in Switzerland, for example, is widely expected to sink under 1 per cent later this year.

For some, the correction brings a welcome change from the frenzied mood of two months ago. "We are back to the long term trend," says Mr Beat Philipp, head of equity research at Bank J. Vontobel in Zurich, although he and others do not rule out the possibility of further tests of the resilience of the market in the next couple of months.

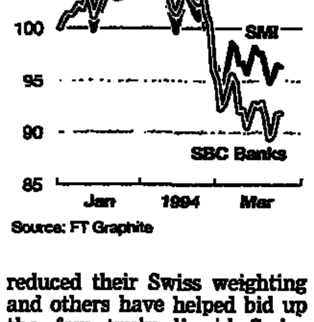
Then they see the market advancing well in the second half, especially if US interest rate rises do not encourage US investors to repatriate funds.

The problem for the Swiss market at the moment is that it is primarily composed of financial and defensive stocks, such as pharmaceuticals and food issues. During the past two years, when interest rates and economic performance were declining in most industrialised countries, this composition served very well.

But with both the interest rate and economic cycles at or near their turning points, investors' attention has turned decisively to cyclical shares, and there the Swiss market is rather thinly represented.

Most international portfolio managers have already reduced their Swiss weighting and others have helped bid up the few truly liquid Swiss cyclical shares to impressive levels.

Switzerland



Source: FT Graphite

Bearer shares of Brown Boveri, the Swiss share representing the ABB Asea Brown Boveri power engineering group, are up 10 per cent since the beginning of the year and trading at around 20 times estimated 1994 earnings.

Bearers of Sulzer, the engineering and medical equipment group, are up 20 per cent this year and trading at about 16 times estimated 1994 earnings.

Alusuisse-Lonza, the aluminium and packaging group,is a current favourite with many analysts. Its shares are up fractionally this year after a good run late last year, and are trading at perhaps 22 times current year earnings.

Still, these are the shares that many Swiss analysts have on their recommendation lists. "Every correction is a splendid opportunity to buy," says Mr Bernhard Tschanz of Credit Suisse in Zurich. He believes that overall corporate earnings will be up a sparkling 19 per cent this year after 24 per cent last year, with another 16.5 per cent gain expected next year.

So far, 1993 profit reports have tended to bolster the cyclical recovery story. This week, Holderbank, the cement group, reported 1993 net income up 12.3 per cent to SFr438m, well ahead of its 4.9 per cent forecast in November.

Even the report on Tuesday from Georg Fischer, the troubled foundries and engineering group, of a SFr34m loss on restructuring costs could not undermine the sentiment. Investors bid up Fischer bearers SFr60 to SFr1,260 following the chief executive's forecast of returning to profit this year.

Interest in secondary stocks is also rising, with issues such as vehicle maker Bücher, computer mouse maker Logitech and travel agents Kuoni being mentioned frequently.

But if the market is to resume its growth pattern again – and most analysts believe it will advance 10 per cent to 15 per cent this year – the focus will have to shift back to the banks and possibly the pharmaceuticals.

Analysts agree that the big bank shares have been oversold on directors' warnings of flat profits this year. Mr Philipp acknowledges that profits from securities and currency trading are most unlikely to match last year's extraordinary levels. But he argues that the banks' overall earning power has been transformed in recent years through tighter management.

Still, many investors are inclined to focus their attention elsewhere. "It is not that we think the Swiss market will do badly this year. But we think other European markets, that have more cyclical potential, will do a lot better," says an analyst at brokers James Capel in London.

EUROPE

German banks offer hope on interest rates

Bourses pulled back some of their losses in the afternoon, seeing a measure of recovery in bond markets, and in the dollar, *writes Our Markets Staff.*

FRANKFURT incorporated Thursday's post-bourse losses and dropped further by the end of the session when the Dax index was 2,130.06, down nearly 14 points from the previous afternoon's close and off 1.2 per cent on the week.

However, bund futures rose late, there was a slight gain in the dollar, and the Ibis-indicated Dax recovered to end just 0.36 down at 2,144.00.

The Federation of German Banks said yesterday that German interest rates could continue to fall in spite of increases in US rates. In Milan, Deutsche Bank said that the Bundesbank is likely to cut official lending rates half a percentage point in April, with a further half a point cut before the end of the year.

Turnover fell DM3bn to DM7.6bn. Volkswagen fell DM3.50 to DM499.30 but it continued its upward career in relative terms, just overtaking BMW – down DM14.50 to DM818 – in the performance stakes with a gain of 13.5 per cent since January 1.

PARIS dipped sharply in the last moments of trading as the matif continued to exert its influence over equities.

In a volatile start to the new account the CAC-40 index moved from a day's high of 2,171 to a low of 2,113, before settling down 15.94 at 2,136.62. The market has lost 3.8 per cent over the week.

Turnover was moderate at FFr4.4bn. Disappointing results from Crédit Lyonnais after the close on Thursday upset sentiment, and particularly Thomson-CSF, which holds a 20 per cent stake and slipped FFr13.30 or 7 per cent to FFr175.20. Crédit Lyonnais said that it was omitting the dividend.

Société Générale was expected to benefit on Monday from better than expected results announced after the close on Friday. It closed FFr3 lower at FFr637, before a 10 per cent rise in 1993 profit and an increased dividend.

AMSTERDAM closed the session and the week on a negative note. The AEX index slipped 1.28 or 406.83, bringing the week's decline to 2.8 per cent.

There were some heavy falls among the major blue chips, although *DSM* resisted the trend with a rise on the day of Fl 4.50 to Fl 129, as investors were seen switching out of Akzo Nobel, down Fl 4.60 at Fl 214.60. DSM is seen as benefitting from the possible turnround in the European chemical sector.

MILAN saw an unexpected round of buying on the last trading day before the general election on Sunday and Monday; the Comit index added 2.48 to 669.73, 0.7 per cent lower on the week.

Domestic retail investors emerged as buyers, adding to short-covering activity by institutional investors expecting a flat market on Monday.

NatWest Securities expected that the outcome of the poll would be inconclusive, and followed by a tense period of negotiation to form a new coalition government: "Volumes will be lower and market conditions more volatile after the poll. Longer term, however, we expect that a 'technocratic' government will be formed which will be able to continue the economic policies of the last administration."

Industrials were at the centre of attention with Fiat rising L129 or 2.6 per cent to L5,124; Montedison was L58 or 4.7 per cent higher at L1,298 in heavy volume of 55m shares.

Olivetti added L28 to L2,584 with the decision on the awarding of Italy's second mobile telephone licence expected imminently. Pirelli rose L120 or 4.9 per cent to L2,543, largely on short covering and optimism over the 1993 results.

MADRID featured the requotation of Hidroelectrica de Cataluna, down Pta59 to Pta611 as the market absorbed details of the sale of the company's non-nuclear assets in a restructuring of the industry.

Turnover was high at Pta45.4bn as the general index closed 1.19 lower at 329.39, down 2.3 per cent on the week.

STOCKHOLM continued to weaken in thin trading. The Affärsvärlden index dropped 28.2 to 1,438.6, for a 2 per cent fall on the week.

Turnover eased to SKr1.90bn from SKr1.96bn. The banking sector was one of the day's steepest fallers, while Ericsson B lost SKr16 to SKr347.

ISTANBUL rose 4.3 per cent ahead of Sunday's local elections. The composite index added 555.40 to 13,536.12, with many investors discounting the rise in overnight rates to some 900 per cent, as the central bank attempted to check an anticipated rush on the US dollar.

FT-SE Actuaries Share Indices

Mar 25							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1419.20	1414.60	1414.19	1412.40	1406.67	1409.17	1409.08	1412.49
FT-SE Eurotrack 200	1450.81	1444.03	1445.60	1445.52	1439.66	1443.17	1443.26	1449.55

	Mar 24	Mar 23	Mar 22	Mar 21	Mar 18
FT-SE Eurotrack 100	1425.41	1445.73	1438.48	1436.71	1445.51
FT-SE Eurotrack 200	1454.56	1478.00	1477.51	1479.54	1485.49

Base value 1000 (26/10/90); High/day: 100 - 1419.20; 200 - 1450.81 Low/day: 100 - 1405.73 200 - 1438.10.

Written and edited by William Cochrane, John Pitt and Michael Morgan

SOUTH AFRICA

Gold shares fell back from earlier gains towards the close, while industrials were badly affected by negative sentiment both home and abroad. Industrials lost 105 to 5,869, golds *made 6 to 2,215 and the over*all index fell 70 to 5,171.

ASIA PACIFIC

Nikkei ends the week with 1% fall

Tokyo

Declines in US stock and bond markets triggered by the assassination of Mexican presidential candidate Mr Luis Donaldo Colosio affected investor confidence, and the Nikkei index fell 1 per cent, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 average declined 201.42 to 19,836.48 after a high of 19,973.40 and a low of 19,771.68. The market has fallen some 3 per cent on the week.

Share prices also gave way to profit-taking as continued concern over the North Korean situation also depressed sentiment. Dealers were absent on the last trading day for March settlement.

Volume was 340m shares against 359m. The Topix index of all first section stocks fell 4.56 to 1,610.35 and the Nikkei 300 lost 1.16 to 259.18. Declines led advances by 682 to 349, with 149 issues unchanged.

In London, the ISE/Nikkei 50 index fell 0.41 to 1,320.19.

Profit-taking by companies depressed Nippon Telegraph and Telephone Y6,000 to Y920,000 and East Japan Railway down Y7,000 to Y507,000.

Car shares were lower with Nissan Motor falling Y19 to Y859 and Toyota Motor declining Y30 to Y1,990.

Isetan, the retailer, fell Y20 to Y1,740 on reports that it will report extraordinary losses linked to investments on the currency markets.

Banking stocks were higher on foreign buying of Topix index futures. Industrial Bank of Japan gained Y50 to Y3,250 and Dai-Ichi Kangyo Bank added Y40 to Y1,940.

Mining shares were higher on higher gold and silver prices. Sumitomo Metal Mining rose Y6 to Y920 and Dowa Mining gained Y10 to Y570.

In Osaka, the OSE average fell 201.42 to 19,836.48 in volume of 108.7m shares.

Roundup

A volatile week for the region ended mostly lower on the day.

HONG KONG fell 0.9 per cent ahead of an interest rate rise which came after hours. The Hang Seng index ended 86.54 lower at 9,234.21, 1.1 per cent higher on the week.

HSBC, the banking heavyweight which has been under selling pressure, fell HK$1.50 to HK$89.50, HK$3 down on the week. Jardine Matheson, which has said it will delist its shares from the local market, topped the active list and fell HK$1.50 to HK$47.50.

KUALA LUMPUR's tighter settlement rule, effective from Monday, and Wall Street's sharp fall overnight left the KLSE index 13.42, or 1.4 per cent lower at 970.10, 3.7 per cent lower on the week.

SINGAPORE was weighed down by bearishness in global equity markets, the Straits Times industrial index falling 26.23, or 1.2 per cent to 2,083.42, a fall of 1 per cent on the week.

MANILA rose on a late rally in blue-chips on the first day of the merger of the Manila and Makati exchanges. The unified Philippine stock exchange index finished up 29.7 at 2,631.07; a 1 per cent fall on the week.

San Miguel B shares climbed 9 pesos to 205 pesos. Turnover slipped to 727.74m pesos from 754.7m.

AUSTRALIA was dragged lower by weakness in the futures market, although strength in the resource sector helped to offset losses elsewhere.

The All Ordinaries index shed 18.2 to 2,151.6, a week's loss of 0.5 per cent.

Turnover, boosted by options expiries, was A$1.16bn.

The resource sector was lifted by BHP, which saw a session high of A$17.60, before closing steady at A$17.34 after announcing a rise in third quarter net profit of 25.8 per cent.

The shares added 3 cents to A$1.26.

NEW ZEALAND finished a depressing week still on the downgrade, the NZSE 40 index closing 24.7 lower at 2,150.1, down 1.1 per cent on the day and 6.2 per cent on since the previous Friday. Volume was a relatively light NZ$42.7m.

Market leader Telecom continued to bear the brunt of the pressure, falling seven cents to NZ$5.24 after falling 19 cents on Thursday.

COLOMBO fell sharply following the ruling party's unexpected defeat at a key regional election. The All share index shed 20.38 to 1,239.01.

The win by the opposition People's Alliance at reversed earlier indications that the government would win.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY MARCH 24 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY MARCH 23 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	174.27	-0.8	173.06	117.07	151.54	163.29	-0.7	3.32	175.59	174.31	118.13	153.82	164.38	189.15	130.19	137.89
Austria (17)	189.93	0.2	188.60	127.59	165.15	165.28	-0.5	0.94	189.46	188.08	127.46	165.96	166.06	195.41	139.63	140.66
Belgium (42)	168.71	-0.1	167.53	113.33	146.70	143.77	-0.7	3.89	168.84	167.61	113.59	147.91	144.76	171.69	141.92	148.57
Canada (107)	138.60	-1.7	137.84	93.11	120.52	137.82	-1.0	2.44	141.01	139.99	94.87	123.53	139.16	145.31	121.46	125.70
Denmark (33)	261.17	-0.5	259.34	175.44	227.09	234.02	-1.2	1.01	262.56	260.65	176.64	230.01	236.78	275.79	195.68	197.09
Finland (22)	145.92	0.4	144.90	98.02	126.88	170.04	0.3	0.87	145.35	144.29	97.79	127.33	169.49	156.72	73.73	73.73
France (98)	174.26	-1.5	173.05	117.07	151.53	156.52	-2.0	2.96	176.85	175.58	118.98	154.92	158.74	185.37	149.60	157.01
Germany (59)	138.81	0.8	137.84	93.25	120.70	120.70	0.0	1.71	137.74	136.74	92.66	120.66	120.66	142.38	107.58	112.06
Hong Kong (56)	385.75	-0.7	383.07	259.14	335.44	382.59	-0.7	2.78	388.29	385.47	261.23	340.15	385.11	506.56	249.45	249.45
Ireland (14)	188.53	-1.2	187.22	126.65	163.94	184.60	-1.3	3.24	190.79	189.40	128.35	167.13	187.06	209.33	150.94	151.06
Italy (69)	76.19	0.1	75.66	51.19	66.26	94.51	-0.2	1.76	76.15	75.60	51.23	66.71	94.73	78.93	55.21	56.90
Japan (469)	152.05	0.1	150.99	102.15	132.22	102.15	0.0	0.79	151.87	150.76	102.17	133.04	102.17	165.91	119.90	119.90
Malaysia (69)	457.98	-2.4	454.79	307.67	398.24	480.38	-2.4	1.56	469.34	465.93	315.75	411.16	492.29	621.63	277.11	277.32
Mexico (18)	2188.23	1.2	2172.98	1470.00	1902.75	7967.03	1.2	0.63	2163.11	2147.37	1455.25	1894.90	7869.84	2647.08	1431.17	1544.12
Netherland (26)	197.13	-1.0	195.76	132.43	171.42	169.40	-1.7	3.30	199.12	197.67	133.96	174.43	172.26	207.43	163.30	165.27
New Zealand (14)	66.38	-2.8	65.92	44.60	57.72	62.24	-2.2	3.74	68.33	67.83	45.97	59.86	63.61	77.59	45.45	45.45
Norway (23)	199.93	0.0	198.54	134.31	173.85	197.52	-0.7	1.68	199.92	198.47	134.50	175.13	198.88	206.42	150.61	153.84
Singapore (45)	308.61	-0.3	306.96	207.45	268.53	225.45	-0.4	1.74	309.81	307.56	208.43	271.41	226.49	378.92	217.80	217.80
South Africa (60)	263.42	1.0	261.58	176.96	229.05	267.73	1.2	2.29	260.75	258.85	175.42	228.42	264.44	280.26	161.99	171.67
Spain (42)	144.21	-1.2	143.20	96.88	125.39	150.22	-1.6	3.65	146.00	144.94	98.23	127.90	152.67	156.79	116.33	126.75
Sweden (36)	213.14	-1.2	211.65	143.18	185.34	248.60	-0.9	1.54	215.64	214.07	145.08	188.91	250.92	230.02	154.79	155.42
Switzerland (49)	163.45	0.1	162.30	109.80	142.12	144.12	-0.2	1.56	163.24	162.05	109.82	143.00	144.42	176.56	112.94	114.48
United Kingdom (215)	191.78	-1.0	190.44	128.83	166.76	190.44	-1.0	3.86	193.76	192.34	130.35	169.73	192.34	214.96	170.01	171.84
USA (519)	189.21	-0.8	187.89	127.11	164.52	189.21	-0.8	2.79	190.82	189.43	128.38	167.16	190.82	196.04	176.91	182.77
EUROPE (744)	167.13	-0.6	165.97	112.28	145.33	158.51	-0.9	2.90	168.18	166.96	113.14	147.33	159.98	178.58	139.56	140.34
Nordic (113)	207.17	-0.7	205.72	139.17	180.14	210.71	-0.8	1.33	208.65	207.13	140.37	182.76	212.39	220.60	145.85	146.48
Pacific Basin (722)	160.86	-0.1	159.73	108.06	139.87	112.38	-0.2	1.06	160.93	159.76	108.27	140.96	112.57	168.80	124.58	124.58
Euro-Pacific (1466)	163.32	-0.3	162.18	109.71	142.01	130.63	-0.5	1.85	163.80	162.61	110.20	143.49	131.17	170.78	130.91	130.91
North America (626)	186.06	-0.9	184.76	124.99	161.79	185.62	-0.8	2.78	187.72	186.36	126.29	164.45	187.21	192.73	173.70	179.23
Europe Ex. UK (529)	150.15	-0.4	149.10	100.87	130.56	136.69	-0.9	2.33	150.73	149.63	101.40	132.04	140.12	155.73	120.70	121.04
Pacific Ex. Japan (253)	246.99	-1.0	245.27	165.92	214.77	227.09	-1.0	2.70	249.51	247.69	167.88	218.58	229.31	296.21	170.56	170.56
World Ex. US (1651)	164.99	-0.3	163.84	110.84	143.46	134.07	-0.5	1.86	165.47	164.27	111.32	144.95	134.67	172.51	132.02	132.02
World Ex. UK (1955)	170.12	-0.4	168.93	114.28	147.92	147.39	-0.6	2.03	170.87	169.62	114.95	149.68	148.21	175.58	145.88	145.88
World Ex. So. Af. (2110)	171.49	-0.5	170.29	115.20	149.12	150.38	-0.6	2.20	172.37	171.12	115.96	151.00	151.31	178.58	148.09	148.09
World Ex. Japan (1701)	184.54	-0.8	183.26	123.97	160.47	179.98	-0.8	2.78	185.93	184.58	125.09	162.88	181.48	195.20	164.42	164.56
The World Index (2170)	172.04	-0.5	170.84	115.57	149.59	151.29	-0.6	2.20	172.89	171.63	116.31	151.45	152.19	178.97	148.14	148.14

Latest prices were unavailable for this edition.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Apr	Jul	Oct	Puts Apr	Jul	Oct
Allied-Lyons	550	29½	41	52½	7	24½	31
(*568)	600	6½	19	30½	33	56	61
Argyll	240	16½	26	29	4½	15	21
(*251)	260	6	15½	19	14½	27½	32
ASDA	50	8½	11½	12½	1	3	4½
(*57)	60	2½	5½	6½	5½	7½	10½
Brit Airways	390	35½	45	51½	3	14½	19½
(*419)	420	14½	28	35	13	28½	34½
SmKl Bchm A	360	33	44½	53½	3½	14½	22½
(*386)	390	13	26	38	14½	26	38
Boots	500	37½	49	57	3½	16	21
(*531)	550	6	21	32	25½	42	47
BP	360	19½	30½	38	6½	14½	19½
(*373)	390	6	18	24	22	30	35½
British Steel	140	8½	13	17	4	12½	15½
(*140)	160	1½	5½	8½	21½	25½	28
Bass	500	33	46½	57½	6	17	23½
(*524)	550	7	20½	32½	31	46	50
Cable & Wire	425	22½	38½	–	8½	23½	–
(*438)	450	11	25½	–	22	36½	–
Courtaulds	500	28	38	49½	7½	25	34
(*516)	550	5	17	27	39	58	64
Comm Union	550	38½	54½	61	3½	13½	21½
(*582)	600	7½	26½	33½	26	36½	47½
ICI	800	31	58	70	14½	33½	48½
(*817)	850	8	33	46½	43½	60½	75
Kingfisher	550	16½	31	42	17	37	46
(*551)	600	3½	14	23½	55	71½	79
Land Secur	650	14½	28	35½	13	32	35½
(*653)	700	1½	8½	16½	48½	67	69
Marks & S	390	26½	34	42	2½	12	14
(*413)	420	7½	17½	25	14	26½	26½
NatWest	420	45	58½	65	2	9	16½
(*459)	460	14½	33½	41½	13½	24½	33½
Sainsbury	360	15	26½	35	9½	26	30
(*364)	390	4	15	22	30½	45½	48½
Shell Trans.	650	19	37½	47	9½	22	31
(*656)	700	3	15	23½	45	51½	60½
Storehouse	220	8½	17	22	6½	16½	17½
(*222)	240	2	8	13½	20	27	29½
Trafalgar	97	7½	13½	–	5	9½	–
(*100)	106	4	10	–	10½	14	–
Unilever	1000	39	64	84½	12½	24½	35½
(*1046)	1050	11	37½	56½	37½	52	61
Zeneca	700	53	75	87	4	17½	30
(*745)	750	18	45	58	21½	38½	53
Option		May	Aug	Nov	May	Aug	Nov
Grand Met	420	42	52½	60	5	13	17½
(*454)	460	18	28½	37½	20½	30½	35½
Ladbroke	180	22	29	33½	4	8	13½
(*197)	200	8	17	23½	12	17	23½
Utd Biscuits	330	21	31	40½	8½	14	22
(*351)	360	7½	17½	26½	27½	32	38½
Option		Jun	Sep	Dec	Jun	Sep	Dec
Fisons	130	12½	19½	23	10½	16½	20½
(*130)	140	8	16½	18½	16	23	27
Option		May	Aug	Nov	May	Aug	Nov
Brit Aero	500	42½	62	77½	27½	44½	56½
(*508)	550	22	39½	56	56½	72	84½
BAT Inds	420	38½	45	50	10½	16	24½
(*453)	460	12½	23	33	30½	39½	47
BTR	360	26½	36½	42½	8½	14	19½
(*377)	390	9½	20½	26½	22½	28	35
Brit Telecom	390	17	27½	33½	8	19½	24½
(*396)	420	5	13	19½	27½	38½	42½
Cadbury Sch	453	30	–	–	5½	–	–
(*474)	493	9½	–	–	26	–	–
Eastern Elec	600	43½	58½	64	8	24	31½
(*632)	650	15½	30½	39	31	51	58
Guinness	460	21½	33½	44½	19	28	35½
(*469)	500	7	17	27	46½	54	60½
GEC	300	11½	17	22	10½	19½	23
(*301)	330	3	6	11	32½	40½	43

Option		Calls May	Aug	Nov	Puts May	Aug	Nov
Hanson	260	19½	24½	29	3½	8	11½
(*276)	280	7½	13½	18½	11½	17	21
Lasmo	120	12½	19	25	7	12½	16½
(*124)	130	8	16	20	12½	18	22½
Lucas Inds	180	18	25½	28	4½	9½	14½
(*194)	200	6½	14	18½	14	19	25½
P & O	700	29	52	67	27	41½	56
(*711)	750	11	30	46½	60½	71	85½
Pilkington	180	17	23	27½	4½	9½	12½
(*190)	200	6	12½	17	14½	21	23
Prudential	300	23	33	38½	4½	9	15½
(*327)	330	6	16½	23½	19½	25	31
RTZ	850	35½	60½	75	27½	44	58
(*853)	900	14	38	55	59	70	86
Redland	550	18	31	43½	32½	41	54
(*550)	600	4	15	25½	72½	76	86
Royal Insce	260	23	31	37½	7	12½	20½
(*272)	280	13	21	27½	17	22½	30½
Tesco	200	17	22½	28	6½	1	15½
(*212)	220	6	13	18	18	22½	28½
Vodafone	500	44½	60	73½	10½	23	32
(*532)	550	17	34	49	33	49	58½
Williams	390	15	23	29½	18	24½	30½
(*391)	420	4½	13	17½	40	45	50
Option		Apr	Jul	Oct	Apr	Jul	Oct
BAA	950	60½	79½	86	7	27	33½
(*997)	1000	26½	49½	68	24½	48½	56
Thames Wtr	500	22½	32	39	7½	25½	29½
(*513)	550	2½	10	17½	39	58½	61
Option		Jun	Sep	Dec	Jun	Sep	Dec
Abbey Natl	460	38	47½	56	13	21	25½
(*478)	500	15	28	36½	33	41½	45½
Amstrad	35	4½	6½	7½	3½	5	6
(*35)	40	2½	4½	5½	7	8	9
Barclays	500	53	68½	75	10½	21½	27
(*538)	550	23½	38	48	31½	44½	50½
Blue Circle	300	27½	36½	39	12	21	21½
(*320)	330	12½	22½	26½	26½	37½	37½
British Gas	300	14½	20	23	15½	20½	26
(*304)	330	4½	8½	12	36	38½	45
Dixons	200	19	24½	26½	9	18	20½
(*206)	220	8½	15½	20	21	26½	32½
Hillsdown	160	15	18½	21½	8½	11½	13
(*171)	180	5	8½	12½	22½	24	25½
Lonrho	140	23	28½	33½	6½	12½	15½
(*154)	160	12	19	25	16	23	26½
Natl Power	420	43	49½	56½	12	17½	22½
(*451)	460	17½	29	36	32½	37½	43
Scot Power	390	25	34	38½	14	24½	28
(*396)	420	12	20½	26½	31½	41½	45½
Sears	110	12½	15	16	4	6	7½
(*118)	120	5½	8½	11	9	11½	13
Forte	240	24	31	34	8	13½	16½
(*259)	260	12½	20½	24	18	22½	26½
Tarmac	174	26½	–	–	8	–	–
(*185)	193	11	–	–	18	–	–
Thorn EMI	1050	51	74½	86½	38	66	74½
(*1051)	1100	28½	49½	64	67½	97½	106
TSB	200	28½	32½	35½	4	9½	11½
(*218)	220	14	21½	25	12	18½	21
Tomkins	240	17½	24½	28½	10½	15	19
(*247)	260	8	15	19	22½	28½	30½
Wellcome	550	48½	65	77½	27	41½	47
(*573)	600	25	43	55	56½	69	75½
Option		Apr	Jul	Oct	Apr	Jul	Oct
Glaxo	600	38½	64½	76½	11½	29	49½
(*626)	650	16	39	52	36	55½	76½
HSBC 75p shs	750	34½	76	100	32	62½	77
(*758)	800	18½	55	78	63½	90½	105
Reuters	2000	80½	136	180	44	97	126
(*2014)	2050	35½	112	154	71	122	151
Option		May	Aug	Nov	May	Aug	Nov
Rolls-Royce	180	9½	17	22	9½	14½	19
(*184)	200	3½	9	13½	23	27	31½

* Underlying security price. Premiums shown are based on closing offer prices.
March 25, Total contracts: 42,087 Calls: 23,887 Puts: 18,200

FT GOLD MINES INDEX

	Mar 24	% chg on day	Mar 23	Mar 22	Year ago	Gross div yield %	52 week High	Low
Gold Mines Index (34)	2169.04	+2.2	2122.27	2090.67	1266.15	1.73	2387.40	1248.72
Regional Indices								
Africa (15)	3064.43	+3.5	2960.24	2867.00	1502.91	4.48	3440.80	1488.27
Australasia (8)	2566.16	+0.3	2558.79	2537.14	1250.67	1.38	3013.89	1250.67
North America (11)	1838.56	-2.1	1801.47	1773.74	1202.86	0.51	2039.65	1162.27

Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. Predecessor Gold Mines Index: Mar 25: 233.5 ; day's change: +2.8 points; Year ago: 109.4 † Partial
Latest prices were unavailable for this edition.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	0	72	2	82	237	51
Other Fixed Interest	0	6	9	8	20	47
Mineral Extraction	42	90	73	238	422	365
General Manufactures	49	361	270	399	1,431	1,570
Consumer Goods	21	94	77	123	382	455
Services	50	237	231	302	1,007	1,282
Utilities	12	26	6	60	122	48
Financials	54	202	134	308	877	769
Investment Trusts	21	262	177	284	785	1,231
Others	25	84	26	192	316	143
Totals	274	1,436	1,005	1,996	5,599	5,961

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	March 21	Last Declarations	June 30
Last Dealings	April 1	For settlement	July 11

Calls: Bolton, Cons Murch, Dares Est, Hunterprint, Loyds Chem, Microvitec, Mid-States, Navan Res, Park Foods, Regent Corp, Regalian, Rodime, Utd Energy, World Fluids. Puts: Regalian, World Fluids. Puts & Calls: Betterware.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993/94 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	30.9	246	241	Abtrust N Dawn C	245	-1	-	-	-	-
135	F.P.	41.2	142	134	Applied Distbn	136		WN3.6	2.4	3.3	16.1
165	F.P.	455.0	165	158	Beazer Homes	162		L5.0	2.2	3.9	14.2
-	F.P.	9.52	137	133	Brightstone	136		L3.75	1.2	3.4	30.6
105	F.P.	32.2	118	101	Cedardata	105	-3	RN1.91	2.9	2.3	17.2
-	F.P.	124.0	65	62	Central Euro Gwth	62	-1	-	-	-	-
-	F.P.	8.40	23	21	Do Warrants	21		-	-	-	-
-	F.P.	9.68	£87½	£87	Chester Water	£87½	+½	†235.0	4.3	3.4	9.0
-	F.P.	36.9	125	126	County Smlr C	125		-	-	-	-
-	F.P.	118.2	44	41½	Edin New Tiger	41½	-1½	-	-	-	-
-	F.P.	14.6	27	26	Do Warrants	26		-	-	-	-
-	P.P.	12.2	50	49	F & C Private Eq	49		-	-	-	-
100	F.P.	141.0	99	93	Fidelity Jpn Values	94	-½	-	-	-	-
130	F.P.	32.2	155	130	Finelist	148	-1	R3.3	2.3	2.6	19.2
-	F.P.	2,591.0	£31½	£21⅞	Franklin Res	£31½		Q26c	-	0.6	-
-	F.P.	51.5	103	100	Gartmore Brit Inc	103		-	-	-	-
-	F.P.	55.5	113½	111	Do Zero Pf	111	-1½	-	-	-	-
-	F.P.	108.5	213	208	Do Units	213		-	-	-	-
170	F.P.	65.3	171	149	Goldsborough Hlth	149	-3	WN3.3	2.6	2.8	16.3
183	F.P.	235.0	218	195	Graham Group	205	-2	LN4.6	2.3	2.8	19.6
-	F.P.	64.4	74	68¼	Guangdong Dvlpt	70¾	-¼	-	-	-	-
51	F.P.	81.7	62	53½	Israel Fund	53½	-1	-	-	-	-
-	F.P.	8.07	28½	26¼	Do Warrants	26½	-½	-	-	-	-
-	F.P.	82.6	110	100	MAID	102		-	-	-	-
260	F.P.	254.0	258	254	McDonnell Info	254	-3	W8.25	2.3	3.1	17.6
-	F.P.	533.6	495	458	Mercury Euro Prvtn	464	-4	-	-	-	-
140	F.P.	236.1	172	163	Midland Indp Nws	164		WN2.8	2.3	2.1	22.4
-	F.P.	5.88	105	98	Newport	98	-5	-	-	-	-
-	F.P.	64.9	228	220	Partco	220	-2	L5.35	2.2	3.0	19.0
-	F.P.	5.24	200	198	Ptarmigan Int'l C	199		-	-	-	-
125	F.P.	16.9	133	110	Radstone Tech	110	-5	R3.0	2.4	3.4	13.9
100	F.P.	55.2	98	92	Saracen Value	92	-2	-	-	-	-
-	F.P.	115.5	508	491	Schroder UK Gwth	493	-3	-	-	-	-
50	F.P.	10.4	72	64	Waste Recycling	64		11.4	0.4	22.3	26.1
205	F.P.	51.1	218	208	Wellington	216		W5.17	2.0	3.0	20.9

F.P Fully-paid security. P.P Part-paid security. For an explanation of other notes, please refer to the Guide to the London Share Service.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1993/94 High	Low	Stock	Closing price p	+or-
92	Nil	11/4	15pm	7pm	Burford	8½pm	
173	Nil	5/4	27pm	12pm	‡Cap. & Regional	12½pm	-1½
153	Nil	-	26pm	24pm	Dagenham Mtrs	24pm	-1½
62	Nil	29/4	10½pm	2pm	Haden MacLellan	2pm	
280	Nil	4/5	43pm	33pm	Henlys	33pm	-1
85	Nil	25/5	12pm	5pm	Richardson West	5pm	-2½
150	Nil	5/5	15pm	11pm	Union	11pm	-1
30	Nil	5/5	11pm	3pm	Upton & Sthn	3pm	-1
315	Nil	30/3	64pm	35pm	Wetherspoon JD	35pm	-10

pm Price at a premium.

FINANCIAL TIMES EQUITY INDICES

	Mar 25	Mar 24	Mar 23	Mar 22	Mar 21	Yr ago	*High	*Low
Ordinary Share	2473.1	2468.5	2493.9	2527.7	2528.2	2214.6	2713.6	2124.7
Ord. div. yield	3.74	3.75	3.70	3.66	3.67	4.44	4.52	3.43
Earn. yld. % full	5.09	5.10	5.04	4.96	4.99	6.21	6.38	3.82
P/E ratio net	21.35	21.31	21.57	21.82	21.78	19.98	33.43	19.40
P/E ratio nil	22.30	22.25	22.52	22.79	22.75	18.56	30.80	18.14

*For 1993/94. Ordinary Share index since compilation: high 2713.6 2/02/94, low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2464.8	2465.0	2458.5	2450.0	2453.7	2453.5	2457.6	2453.9	2477.1	2478.7	2445.0

	Mar 25	Mar 24	Mar 23	Mar 22	Mar 21	Yr ago
SEAQ bargains	45,399	41,821	39,106	37,802	34,657	44,858
Equity turnover (£m)†	-	2007.5	1788.1	1584.9	1191.5	1570.8
Equity bargains†	-	48,173	44,205	44,553	40,590	50,568
Shares traded (mil)†	-	624.1	600.7	588.0	460.2	733.9

† Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£23⅜	-⅛	£25¼	£18¾	6,516	4.8	ф
ANZ A$		245¼	-2¼	278¼	130	3,296	3.7	18.3
Abbey National	qN□	478xd	+5	524	345	6,269	3.7	16.1
Allied Irish IE	4□	248xd	-5	314	179	1,821	5.1	ф
Anglo Irish IE	MN□	57	-2	*70	28	138.1	7.5	10.4
Asahi Y		711	+17¾	844	415	16,499	0.7	-
Banco Bil Viz Pta		£14⅛	-⅛	£17⅞	£13⅛	3,432	5.5	8.7
Banco Sant Pta		£31⅝	—	£36	£24⅞	3,613	4.3	12.1
Bank Leumi (UK)		450xd	—	450	325	36.2	5.8	ф
Bk Ireland IE	4uc□	248	-5	*319	177	1,169	6.0	18.3
Bank Scotland	4†□	189	+3	247	116½	2,200	3.1	25.7
9¼pc Pf		127	-1¼	141½	117¼	127.0	9.1	-
9¾pc Pf		134	-1½	148½	123½	134.0	9.1	-
Barclays	qN□	537xd	+12	632	362	8,720	3.5	27.4
Dai Ichi Kan Y		£12⅞	+⅞	£15⅞	£9⅞	38,349	0.4	68.0
Deutsche DM		£315⅛	-1⅛	£348⅞	£250½	16,806	1.9	-
Espirito Santo		£21⅜	+⅛	£28⅜	£16½	232.1	3.7	5.2
First Nat Fin	N□	78	-1	*85	45	129.2	2.4	-
6.3pc Cv Pf		98	—	*91	55	5.78	9.2	-
7pc Cv Pf		154	-½	171	108	73.1	5.7	-
Fuji Bank Y		1455¼	-½	1661	876	42,139	0.4	-
HSBC HK	□	776xd	-11	1153	474	13,521	3.8	ф
HSBC (75p Shs)	□	796xd	-8	1113	490	6,395	3.9	ф
Lloyds	N□	598xd	+22	698	492	7,298	4.9	12.0
Mitsubishi Y		£16	+⅛	£19¼	£11⅞	51,870	0.3	-
Mitsu Tst & Bk Y		985	+24	1027¼	462½	12,826	0.5	15.8
Mitsui Tst & Bk Y		727	+5¼	862	374	8,709	0.7	24.8
Nat Aust A$		590¼	-3¼	620¼	322	7,304	4.2	13.6
NatWest	qN□	458xd	+2	634	398	7,612	5.0	12.6
Ottomane FFr		£30½	—	£33	£23¾	152.5	4.9	8.9
Ryl Bk Scotland	4N□	414	+11	528	307	3,289	3.3	18.7

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

ENGINEERING, VEHICLES - Cont.

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

INVESTMENT COMPANIES

LEISURE & HOTELS

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
TNT A$		99¾	-3½	121	31½	953.5	-	-
Tibbett & Britten	♣†□	828	-5	916	624	383.5	1.9	31.8
Tiphook	N□	49	—	382	37	54.2	-	-
Transport Dev	♣N□	298xd	-7	327	227	391.0	4.5	ϕ
Upland Intl	□	122½	-2½	132	98	29.3	-	-
United Carriers	□	153	—	160	153	61.8	-	-
Vard NKr		£4½	-⅛	£5⅝	£1⅞	136.8	-	-
Wah Kwong HK$		144¼	-½	149½	97½	103.2	3.0	8.0

WATER

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglian	♣†N□	498xd	+4	610	455	1,474	5.4	8.8
Bristol Water	†N	1103	—	1120	775	73.2	3.6	13.5
Chesam A	†	453	-5	488	195	23.0	3.2	16.2
B NV		438	-5	473	180	10.5	3.1	15.6
East Surrey	†	398	-2	413	270	59.4	3.7	9.8
Mid Kent	†N	360	-1	365	244	61.6	3.7	13.3
North West	†N□	530xd	+1	611	431½	1,478	5.2	8.8
Northumbrian	♣†N□	636xd	+2	761	547	430.6	4.5	7.5
Severn Trent	♣†N□	562½xd	+1½	645	439	2,019	4.8	8.2
South Staffs	♣†	1035	—	1605	1225	87.1	3.9	11.1
South West	†N□	558xd	-2	675	465	698.7	5.5	9.0
Southern	†N□	568xd	+4	685	454	853.1	4.8	8.3
Thames	♣†N□	513	+2	611	454	2,016	5.2	9.0
Welsh	†N□	637xd	-7	744	506	825.6	4.7	8.4
Wessex	†N□	685xd	+2	*769½	536	832.8	4.2	10.6
York W'works	♣†	345	—	351	210	21.3	3.4	15.2
Yorkshire	♣†N□	514xd	—	630	473½	1,026	5.3	8.5

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£22½	—	£23½	£7½	1,344	3.3	ϕ
Barlow		£4⅞	-⅛	£5⅞	£3	848.8	7.8	7.9
Gold Fields SA R		£14⅜	-⅛	£18	£7¼	1,387	2.8	24.2
NK Props.	s	90	—	97	68	3.82	9.9	37.0
SASOL	♥	318	-1	381	215	1,801	4.9	-
SA Brews		£12	-⅛	£15	£7	6,498	2.3	19.9
Tiger Oats		688	-62	836	513	1,033	2.4	14.5
Tongaat-Hulett	†	567	-9	589	212	424.4	2.6	15.8

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ¶ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualise yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

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FINANCIAL TIMES
Weekend March 26/March 27 1994

Outgoing parliament on trial in Italian poll

Prime minister Ciampi remains silent despite his popularity

By Robert Graham in Rome

It is rare to see a prime minister as a silent protagonist during a noisy election campaign.

Mr Carlo Azeglio Ciampi, the Italian prime minister, has stayed aloof almost until the end. As the campaign for tomorrow's parliamentary poll winds up today, he can look back on only one occasion when he broke his self-imposed silence.

This was to defend his government's record of economic management against accusations by the media magnate Mr Silvio Berlusconi of falsifying the public accounts. Though said during the heat of a television debate on Wednesday and directed by Mr Berlusconi, leader of the Forza Italia party, against his arch-rival Mr Achille Occhetto, the leader of the Party of the Democratic Left (PDS), the accusation touched a raw nerve.

Since being called in last April to run the government after 14 years at the helm of the Bank of Italy, the 73-year-old Mr Ciampi has concentrated on the public accounts. The curt note from his office on Thursday revealed extreme irritation.

Without naming Mr Berlusconi, the statement said: "As a result of this serious accusation, I am obliged to drop the reserve I imposed on myself during the election campaign."

Faced with his ire and a barrage of economic data, Mr Berlusconi yesterday was doing his best to beat an elegant retreat to avoid any fall-out from the man judged by the polls to be the most popular public figure.

The incident highlighted the curious nature of these elections for Italy's 12th post-war legislature. The elections involve no challenge to an incumbent government, which in this case is essentially technocratic with a non-politician premier.

Mr Ciampi, widely praised for his firm managerial style and for recouping Italy's international credibility, has refused to stand because he he does not see himself as a politician linked to a particular party.

It is parliament, elected in April 1992, that has lost the confidence of the electorate as a result of the corruption scandals and collapse of the ruling parties. The outgoing parliament is on trial; and the electorate is being asked to decide which of the old parties have been recycled convincingly and which of the new show promise.

Perversely, Mr Berlusconi, whose Fininvest business empire was built up on the back of close ties with the discredited Socialists, has succeeded in portraying himself as the new with his Forza Italia movement. Mr Occhetto, though representing a party historically opposed to the old order, has failed to present the PDS as the new.

Rather, in seeking credibility for the PDS-led Progressive Alliance, he has leant heavily on Mr Ciampi. Several times he has said Mr Ciampi would be the PDS's choice to head the next government.

The PDS's identification with the Ciampi administration lay behind Mr Berlusconi's outburst about the public accounts.

But in attacking the government, Mr Berlusconi reminded Italians that for the first time during an election the country has a fully functioning government.

Upstart in Bossi country, Page 2

Capel to break with past and make markets

By Norma Cohen, Investments Correspondent

James Capel, the UK stockbroker, is to make its first foray into equities market-making, specialising in the shares of its own smaller corporate clients which complain that their stock cannot be easily traded.

The move is a sharp reversal of policy for Capel, which said at the time of the Big Bang deregulation in the City in 1986 that it would not both make markets and also act as a broker for investors because of the potential conflict of interest that this would involve.

Its latest decision follows the withdrawal by many UK stockbrokers from marketmaking during the recession after they incurred heavy losses.

Marketmakers are professionals who offer to buy and sell companies' shares, even in volatile market conditions.

Mr Bob Benton, Capel's managing director, said the firm, a division of Hongkong and Shanghai Banking Corporation, was responding to the needs of its clients who had seen liquidity in their shares dry up.

"There have been instances where we have had to ask a favour from another marketmaker on behalf of one of our corporate clients," Mr Benton said.

Following the liquidity problems, the London Stock Exchange announced plans last year to close its Unlisted Securities Market where many small company shares are traded.

James Capel will only make markets in the shares of companies that are not included in the FT-SE 100 index of largest companies.

Moreover, all but about 10 of its 69 corporate clients are too small to be included among the 350 biggest companies traded on the London Stock Exchange, which account for 90 per cent of the total value of all listed companies.

Mr Benton said that, for now, James Capel had decided not to extend its marketmaking capacity beyond its own smaller clients.

However, the advent of Crest in early 1996, the proposed system for paperless share settlement which is being developed by the Bank of England, could prompt the firm to reconsider its stance.

Under Crest, any deals struck that are struck in the market will be settled within five days. This may make it necessary for securities firms to borrow shares to deliver to investors if sellers are unable to deliver them on time.

Under the present settlement system, stockbrokers and their clients have up to two weeks to settle a bargain.

Boost for building societies from fuel payment windfall

By David Lascelles, Resources Editor

Windfall funds received by some regional electricity companies from customers seeking to avoid value added tax are to be deposited in building societies.

The utilities hope the move will deflect criticism that mortgage rates could be driven up as householders draw heavily from their societies to pay power bills in advance. Bills paid before next Thursday will not be liable to VAT.

Seeboard, based in Hove, which has received £51m in the last few days, said yesterday it was aware of a heavy outflow from the societies as householders sought to beat the VAT deadline.

Southern Electric, which has taken in £48m from 77,000 customers, will also be redepositing a portion of these funds, as will Midlands Electricity, according to Mr Peter Chapman, its finance director.

The Building Societies Association has reported heavy withdrawals from members this month. It attributed this largely to householders trying to avoid VAT. From April 1 home fuel bills will be subject to 8 per cent VAT. Next year, the rate will be 17.5 per cent.

By last night, householders had paid in more than £400m, depriving the Treasury of about £40m in tax revenues. But the money is still flowing in, and most electricity companies said they would accept last-minute payments, provided they were made at their shops and offices.

However, it emerged yesterday that British Gas passed over an opportunity to save its 18.5m domestic customers part of the new tax.

Earlier this year Customs and Excise allowed British Gas to assume, when next billing its customers, that they used 2.5 units of gas each day before April 1 for every one after that date, reflecting the fact that the earlier part of the billing period was colder. But British Gas will count all days the same.

The Gas Consumers Council estimated this would cost customers £23m in extra tax in the two-year transition to full VAT, and it accused the company of "meanly taking the easy way out".

British Gas confirmed that Customs had allowed the more generous weighting, but said it had come too late to be included in its preparations for the changeover to VAT.

The GCC advised householders to read their meters on March 31 to ensure that VAT would not be charged on gas used before then.

Briefcase, Weekend, Page X

Attack on cigarette industry stepped up

Continued from Page 1

tar levels. He suggested that cigarette manufacturers were manipulating nicotine levels in their products.

He added that he was aware of no evidence that manufacturers left nicotine in their cigarettes for any reason other than addiction.

Dr Kessler's comments implicitly contradicted Philip Morris, maker of Marlboro cigarettes, which on Thursday filed a $10bn libel suit against ABC, the US television network, over allegations of "spiking" its cigarettes with nicotine. Philip Morris acknowledges that it removes nicotine during the manufacturing process and adds it back later, but says it puts back less than it takes out.

Tobacco companies also face a stiff increase in taxes on their products as part of the healthcare reform legislation now being considered by Congress. To pay for the cost of the reform, President Clinton has proposed increasing the cigarette tax from 24 cents a pack to 99 cents.

THE LEX COLUMN

Return to value

With the FT-SE 100 index now 11 per cent below the peak reached in early February, equities no longer look overvalued judged on their own merits. A market multiple of around 14 times this year's forecast earnings, and a prospective yield comfortably above 4 per cent, might start to tempt fund managers with an eye to value. Many UK institutions certainly remained aloof as equities scaled dizzy heights through the winter. Thus pension funds sold equities to the tune of £1.7bn in the fourth quarter of last year, reinvesting the proceeds in short-term bonds and cash.

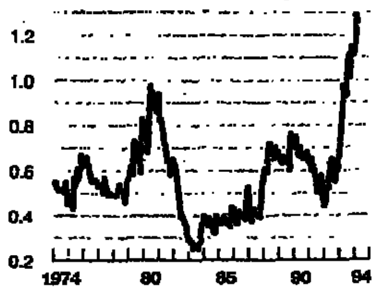
Since there is little joy in holding cash at current interest rates, some of that might now seep back into shares. The market's steady slide in February did nothing to halt the flight of private investors from the dwindling returns on cash. Unit trust sales of £722m were notably higher than the previous month. If that pattern continues, and the flow of new funds into institutional coffers this year does not disappoint, UK equities should be able to count on a solid base of support.

Yet the punishment meted out this week to companies which disappointed on earnings – the 8 per cent fall in Wellcome's shares on Thursday was a case in point – suggests institutions are still reluctant to commit themselves. The nervous state of world bond markets might be to blame. While the fundamentals point to some upside for equities, it is hard to see how the market can flourish until equilibrium is restored in bonds.

FT-SE Index: 3129.0 (+7.3)

Glaxo

Dividend yield relative to the FT-SE-A All-Share index dividend yield



Source: Datastream

Glaxo

Keeping track of the challenges to Zantac, Glaxo's big-selling ulcer drug, is turning into a full-time job. Judging by the 10 per cent fall of the shares this week, the market is taking the latest threat – from Geneva Pharmaceuticals of the US – seriously. Geneva's claim to be able to manufacture the active ingredient of Zantac without falling foul of Glaxo's patents has some credibility. Whether it can also convince the US regulators to approve its new product without years of clinical trials is impossible to judge.

Since Zantac's US sales amounted to $2bn last year, though, there must be a slim chance of a serious setback for Glaxo. The more imminent danger is posed by the expiry in May of the US patent covering Tagamet, SmithKline Beecham's rival ulcer treatment. generic versions of Tagamet will tempt the new breed of cost-conscious US healthcare providers either to switch from Zantac altogether or to demand a lower price. There must be a fair chance that Glaxo's rate of growth is about to slow.

Until the outlook is clearer, it is hard to see the shares forging ahead. Glaxo has already underperformed the UK market by 50 per cent since its peak early in 1992. But that is par for the course among drugs companies. Merck has underperformed Wall Street by almost exactly the same percentage over that time. The wider squeeze on margins is the underlying cause of this malaise. How much Glaxo's customers are prepared to pay for Zantac will be an acid test.

US bonds

The slow Chinese burn being applied by the Federal Reserve to the American economy is causing plenty of pain in the US Treasury bond market. Yields are now touching 7 per cent, almost 1.5 percentage points above their autumn lows. Some blame the gradualist quarter point interest rate rises inflicted by the Fed for drawing out the agony. Yet what has caused the retreat is perceptions of future short term interest rates. Forward markets imply that US rates will have doubled to around 6 per cent by the end of next year.

If that happened, bond yields could not remain as low as 7 per cent. But then, it could be that it is expectations which have got out of kilter. The Fed may have good reasons for operating on the economy with a scalpel rather than a mallet. The surge in growth in the second half of last year came partly because consumers ran down savings. Unless those savings are replaced by rapidly rising incomes, that growth will be a one-off effect. The surge in housing construction and business investment may also end if growth starts to slow.

Since the objective is to restrain growth to a sustainable rate, the Fed will also have an eye to the political risks of dumping the economy into recession in the run up to the next presidential election. Slow rises in interest rates may thus continue. They may even be enough. The bond market will remain sensitive to the inflation threat, but if growth moderates, those interest rate expectations look overdone.

UK electricity

Including purchases made this week, Eastern Electricity has now bought back around 3 per cent of its own shares. That shows a certain confidence in the future, despite the recent nerves of the market. It also shrugs off the uncertainty surrounding the review of regional electricity companies currently being conducted by Offer, the industry regulator.

Eastern's confidence looks well placed. The Recs' shares have fallen in response to weakness in the gilt market, yet valuing Recs as quasi-fixed interest stocks is a mistake. Real dividend growth will be at least 15 per cent over the next two years. And as Offer's review seems to be running along pragmatic lines, a deal may emerge which inflicts sufficient financial pain on the Recs to appease the critics, yet is insufficient to tempt any of the companies to appeal to the Monopolies and Mergers Commission. That would still leave real dividend growth of 7 to 8 per cent until the end of the decade.

There is also plenty of hidden value waiting to be unearthed. Demerger of the National Grid is only a matter of time. Many of the Recs are now completely ungeared, yet the review may well leave the companies generating cash. Predators, particularly those with an advance corporation tax problem, may well be tempted to buy a Rec once the review is over. Much of the purchase price could be funded by injecting debt into the Rec or issuing long term bonds, secured on the Recs cash flows or assets. Some Recs will substantially reform their own capital structures to avoid such a fate. But either way, shareholders can only benefit. A canny bidder would act now, before prices rise.

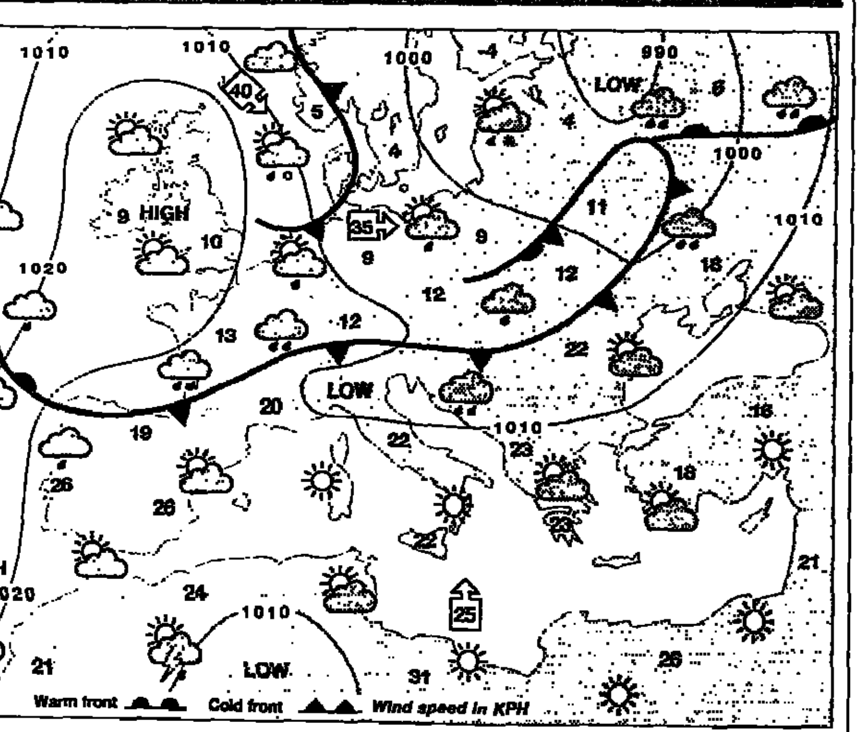
FT WEATHER GUIDE

Europe today

Low pressure will bring cloud and rain to western Russia. The northern Balkans, Alps and southern France will be overcast with some rain. Strong north-westerly breezes will push wintry showers into northern Germany. Belgium and northern France will remain mostly dry with sunny periods. High pressure over Ireland will bring settled conditions to most of the UK. Eastern Scotland and north-eastern England will have isolated wintry showers.
Showers will develop along the coast of northern Spain but southern areas will be sunny. Italy will have a lot of sun while the southern Balkans will remain partly cloudy. Northern Scandinavia and Finland will be wintry with snow showers.

Five-day forecast

A high pressure front moving east from the UK and high pressure over southern France will combine to bring fair conditions to most of central and southern Europe. Ireland will have rain on Sunday, and later in the week this will spread east to England, Benelux and northern Germany.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Maximum Celsius

Abu Dhabi	sun	30
Accra	fair	30
Algiers	shower	22
Amsterdam	fair	9
Athens	fair	22
B. Aires	fair	20
B.ham	fair	9
Bangkok	cloudy	31
Barcelona	fair	19
Beijing	sun	12
Belfast	fair	9
Belgrade	fair	24
Berlin	shower	9
Bermuda	fair	24
Bogota	fair	22
Bombay	fair	33
Brussels	fair	10
Budapest	fair	15
C.hagen	hail	6
Cairo	sun	23
Cape Town	sun	22
Caracas	fair	27
Cardiff	fair	9
Chicago	snow	4
Cologne	fair	10
D' Salaam	sun	28
Dakar	sun	36
Dallas	cloudy	22
Delhi	sun	34
Dubai	sun	30
Dublin	fair	9
Dubrovnik	fair	20
Edinburgh	hail	8
Faro	sun	21
Frankfurt	fair	11
Geneva	shower	14
Gibraltar	sun	21
Glasgow	fair	8
Hamburg	hail	7
Helsinki	snow	-2
Hong Kong	cloudy	20
Honolulu	shower	23
Istanbul	fair	18
Jersey	fair	10
Karachi	sun	36
Kuwait	sun	27
L. Angeles	windy	17
Las Palmas	sun	23
Lima	fair	28
Lisbon	sun	21
London	fair	10
Lux.bourg	shower	10
Lyon	shower	15
Madeira	sun	19
Madrid	sun	24
Majorca	fair	23
Malta	fair	23
Manchester	fair	9
Manila	cloudy	31
Melbourne	sun	29
Mexico City	fair	28
Miami	fair	31
Milan	shower	21
Montreal	sun	2
Moscow	rain	7
Munich	rain	10
Nairobi	cloudy	28
Naples	sun	21
Nassau	fair	29
New York	sun	10
Nice	fair	18
Nicosia	sun	22
Oslo	sun	4
Paris	fair	13
Perth	shower	28
Prague	shower	10
Rangoon	cloudy	30
Reykjavik	cloudy	5
Rio	sun	30
Riyadh	sun	30
Rome	sun	19
S. Frsco	sun	19
Seoul	fair	2
Singapore	cloudy	28
Stockholm	fair	0
Strasbourg	shower	13
Sydney	fair	20
Tangier	fair	19
Tel Aviv	sun	22
Tokyo	rain	6
Toronto	sun	5
Tunis	fair	20
Vancouver	sun	16
Venice	fair	18
Vienna	fair	15
Warsaw	shower	9
Washington	sun	11
Wellington	fair	18
Winnipeg	snow	3
Zurich	rain	12

Weekend FT

SECTION II Weekend March 26/March 27 1994

Yes, it's true. I was a Cybervirgin

***Christina Lamb** lost her computer virginity to an addictive system that may well be the electronic sensation of the 1990s*

On washing days, when I was young, a favourite game was to burrow inside the sheets blowing on the line, close my eyes and spirit myself to some faraway land of exotic foreign playmates.

Nowadays neither imagination nor wind-billowing sheets are necessary. Instead, late at night when real-world friends are sleeping, I make a coffee and sit at my desktop computer in Boston, US, to begin travels in the virtual world which may take me anywhere from an aid organisation in Bombay to a research station atop a volcano in Hawaii.

Across the globe, millions are engaged in heated on-line discussion of everything from politics to Elvis sightings, swopping travel or business tips, or even conducting love affairs with people they have never met. We are users of Internet, the worldwide web of computer networks and electronic message (E-mail) systems. Its proliferation looks set to be as important to the 1990s as the spread of personal computers was to the 1980s and has enormous social and political implications.

Since access opened to the public two years ago, an estimated 20m people from 60 countries have subscribed to this peculiar world with its own language, culture and rules of behaviour or "netiquette". According to figures released in December, at the Internet World '93 conference, 150,000 or more log on each month. In the US no business card is complete without an E-mail address.

In general users are not computer nerds or social misfits who prefer communicating with a screen rather than a person. They are ordinary people seeking electronic soul mates to meet on-line without barriers of racism, sexism or age, without facing crime on the streets, and with whom they can form a community to compensate for the fragmentation of family and society. In *The Virtual Community*, Howard Rheingold writes of the phenomenon: "Perhaps cyberspace is one of the informal public places where people can rebuild aspects of the community lost when the small shop became an out-of-town mall."

While taking part in the world's largest ongoing conversation may make people feel good and enable them to learn about other cultures and garner information, the implications are far larger. A system that gives direct access to an educated population equivalent to more than twice that of Portugal and multiplying, clearly has tremendous political and commercial potential.

Internet advocates believe its spread will boost grassroots participation in public policy. Rheingold describes it as an electronic Agora, the marketplace in Athenian democracy where citizens met to debate. President Bill Clinton, the first head of state to go on-line, says increasing electronic access between the public and the administration will revitalise citizen-based democracy.

All White House press releases and proposals are fed into the system and the administration aims to provide computers in libraries, town halls and shopping malls from which people can vent their views. Vice-president Al Gore has even held an Internet press conference.

Sitting at the keyboard and messaging the US President gives a sense of empowerment which some find overwhelming. At the Computer Museum in Boston, where an exhibit allows visitors to send E-mail to Bill, I watched one voluble character rendered wordless at the keyboard, typing only "Dear Mr President, How are You? Geoffrey". Of course, Clinton is not sitting at his screen personally replying to the 1,000 E-mail messages he receives each day but White House officials insist that everyone gets a reply "after appropriate consideration".

Democrats are not the only ones to spot Internet's potential. The Republican Party executive went on-line last month with an electronic newsletter and instant rebuttals and counterproposals to Clinton speeches. Marty Connors, director of the Exchange Foundation, a Republican think tank, has elaborated a plan called Govern-Net to improve governance by enabling mayors in different cities to swap ideas and giving people direct access to party bosses.

He envisages Internet becoming an essential part of election strategy. "I see it as perhaps the political tool of the future – at least as important as mailshots and 'phone campaigning. The idea of reaching households directly with my message unfiltered is very attractive." A council officer in Sunnyvale California was elected after campaigning almost entirely on Internet.

Others are less convinced of the benefits. Samuel Huntington, director of the Olin Institute, at Harvard University, warns: "We are in danger of creating a two-class society – those who are part of the information technology revolution and those who are not. Can you train a whole society to be computer literate?"

For those with access to a computer and modem getting on to Internet is fairly cheap – less than \$20 (£13) a month for an hour a day in Europe and North America. But it is about as user-friendly as the roads in Birmingham's Spaghetti Junction and first steps in cyberspace can be daunting. In his book *The Whole Internet*, Ed Kroll compares it to "grabbing a handful of Jello – the firmer your grasp the more oozes down your arm".

Internet has three main uses. The first is E-mail – electronic messages that are far cheaper than long-distance telephone calls and faster than the post (or snail-mail as Net users call it). Second, it functions as a public bulletin board on which one can read and post messages in 2,500 discussion groups on everything from out-of-body experiences to the best way to clean an aquarium. There are groups of subjects under eight main headings such as "alt" for alternative, "biz" for business, "comp" for computer-related matters and "rec" for recreational activities. It is like being able to wander into a series of pubs in which conversations are underway – except this one never closes. Finally, Internet can be used to retrieve information from distant locations. That day's Supreme Court rulings, the *Encyclopaedia Britannica* and the complete works of Shakespeare are all on-line; satellite weather maps or entire books can be downloaded in minutes.

The only way to start is to dig in. A cybervirgin, I had been impressed by a cocktail encounter with a graduate student of economics at the Massachusetts Institute of Technology. He told me that he had posted questions from a tough take-home exam on the Net and soon had economists the world over working on the solutions, earning him top marks. So when my mother told me she would like a CD for Christmas of Bach's Concerto for 2 Violins, I hit the "m" button late one night to mail a message into "rec.music.classical", asking for suggestions of the best recording. When I signed on the next morning I had 40 suggestions – unfortunately all different.

Inspired by this success, I trailed through and found I could get all the latest news from Latin America – where I lived until recently – follow scandals in the beleaguered Conservative government back home in the UK or read about the hottest jazz clubs in New York. For a while I was a passive wanderer, enjoying other people's exchanges such as those in "alt.fan.british accent" where British users tried to explain to a man from Illinois how his ancestors from Bedford would have pronounced words such as "mirror". Another favourite is "alt.good.morning" which tries to brighten the day. Wednesday's mailings included a poem, a warning from a Finnish user not to walk on the ice to catch fish, some lyrics from rock band The Cure and a riddle about the number of people with more than two arms.

Growing more cyberhappy, I began posting, particularly after discovering the intriguing "alt.history.what if" group which discusses issues such as what would have happened if the south had won the Civil War in the US. To compensate for the absence of body language various conventions have developed. Laughter is represented by :-) while :-(means the author got out of bed the wrong side. Writing in capitals is the Net equivalent of shouting.

Soon I was experiencing my first electronic pick-up line from an "aspiring actor in California wishing to discuss Arthurian legends". It began: "I am 6ft with curly golden hair and drive a red Corvette." The Internet is full of people hoping to discover E-mail love.

David Weinstein, a 32-year-old software designer from Boston, was using the Net to keep up with developments in his business when he came across "alt.personals" – the electronic equivalent of pasting loveletters on a public notice board.

He says: "I was lonely and having difficulty meeting Jewish girls so I placed some ads. It seemed very public so I made them anonymous. That didn't work so I sent some stories about dating."

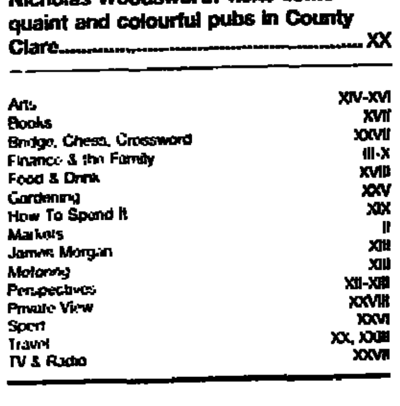
His stories attracted the attention of Michele Schneiderman, a 29-year-old teacher from Columbus, Ohio and, four months later, they were sharing a cabin on a Caribbean cruise.

Not all E-mail love stories have happy endings. A notorious Frenchman posed as a woman on-screen, carrying on a series of Net-romances before being exposed.

For many their desktop screen has become a shoulder to cry on. Forums have evolved for Aids and cancer sufferers, for those undergoing divorce and victims of rape or abuse. One user told me: "Internet saved my marriage by being able to talk to others in the same situation".

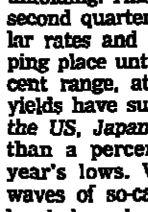
Continued on Page XI

CONTENTS



The Long View / **Barry Riley**

Doomsters' delight



When the stock market tumbles a long way on a marginally disappointing economic statistic, as it did on Wednesday afternoon following the inflation figures, there must be a serious underlying malaise.

Last August, a fictitious guest contributor to this column called Dr Mort Duhm set out a scenario in which the global bull market, based upon unlimited and cheap (3 per cent) credit from the US Federal Reserve, would unravel. "Within the next few months, I anticipate a meltdown in which the Fed will turn down the tap, hot money will panic out of bonds, and stock prices will become value-based and not liquidity-driven," he said.

Since the end of January, this sequence of events has indeed been unfolding. This week, the Fed added the second quarter-point to short-term dollar rates and there is no logical stopping place until we get to the 4½-5 per cent range, at least. Long-dated bond yields have surged everywhere and, in the US, Japan and the UK, are more than a percentage point above last year's lows. We have seen repeated waves of so-called stop-loss selling as bonds have been dumped at ever-lower prices. We may soon have to call this a bond market crash.

The vulnerability of the equity markets has varied, however. We can deduce that the speculative hedge funds took aggressive positions in emerging markets and in certain European markets (especially the UK, 12 per cent off its peak) but not in the US or Japan.

There are real Dr Duhms that I know about in the US, Germany and Hong Kong. His closest equivalent in London is Stephen Wheeler, of broker Greig Middleton. He says financial markets have seemed to have huge liquidity but actually will be shown to be hugely *illiquid*.

New figures for the UK investment institutions shed some light on how the global surge in liquidity affected the domestic markets in 1993. At the beginning of the year, there were worries about how investors would be able to cope with the demands being made upon them, especially by the government – which, in the event, sold £52bn of gilts, net of redemptions, in 1993 compared with £28bn the year before.

Yet, the huge volume of paper was actually absorbed very easily in 1993. First, there was a surge of money into unit trusts, investment trusts and the roughly equivalent lump sum products of life assurance companies. This happened largely because the fall in short-term interest rates made savings deposits less attractive. In the fourth quarter, the inflows into these institutions, at £11.6bn, were 86 per cent higher than in the same period of 1992.

Second, overseas investors were active on an unprecedented scale in the gilt market, buying £14bn worth in 1993 compared with just £2.3bn in 1992. Domestic institutions actually slightly *reduced* their gilt purchases and, instead, went on a spending spree in equities, buying £17bn of shares in the UK and £10bn overseas.

You do not have to be a Dr Duhm to ask what will happen now if the distressed foreigners stop buying – or, worse, turn sellers (they sold £4bn of gilts in 1990, for instance) and create a black hole of, say, £20bn in the flow of funds equations. Fortunately, the British government might not need to sell more than about £35bn of gilts this year. And the Bank of England is preparing already for the change of conditions by switching its attention to the banks, which next week will be offered £2.5bn of floating rate gilts.

But patching over the new-issue gap will not be a complete answer. This year, the long-term sterling interest rate will be set primarily by domestic investors, not by foreign hedge funds. There will also be consequences for the *short-term rates. Britain's balance of* payments' deficit of £10.7bn was, in effect, financed in 1993 by foreign bond-buyers, but it is likely that short-term hot money will need to be attracted instead this year, perhaps by higher money market interest rates.

The international background could turn difficult. Warburg Securities has calculated that American banks and individuals have invested \$650bn in dollar bonds since 1990. They look fully committed now. There have also been substantial investments in European bonds. Although UK government borrowing is beginning to fall, this is not true for European countries generally.

Wheeler argues that the 1993 bond market boom was a bank-financed bubble, much on the lines of the late 1980s property boom. Commercial property yields in the UK fell to about 5.5 per cent in 1989, but soared to 8 per cent by 1992 as the market crashed. More recently, yields have declined again as the overhang of unsold and bankrupt property has been mopped up gradually by long-term investors.

In the bond market, events could be expected to move much faster because paper can be shuffled much more quickly than office blocks. In both cases, the transition would be from a situation in which the market was dominated by buyers seeking short-term capital gains, to one in which long-term income-seekers set the level. They would find the money by selling other assets, such as equities.

What might long-term UK interest rates rise to? Pension funds are the largest group of UK institutions. Out of their roughly £450bn of assets, only about £13bn at present are fixed-interest gilts. Pension schemes need a rate of return of 4 or 5 per cent over prices to meet their long-term objectives. At present, the inflation rate implied by the gap between index-linked and fixed-interest yields is more than 4 per cent. So, fund managers might be looking for 8½ to 9 per cent yields. But other buyers, such as insurance companies, may settle for a bit less, depending on the inflation outlook. Already, long gilt *yields are close to 8 per cent*. They are likely to overshoot, then bounce back.

In these conditions, the market can become hazardous. Dr Duhm could be quietly enjoying himself, though.

London

Why tea and sympathy won't do

Roderick Oram

King Edward VII said of the man who gave London four Corner Houses serving 50m teas a year: "I like Joseph Lyons because he feeds people well."

Allied-Lyons, the caterer's heir but more interested in booze than tea, said on Thursday it was changing its name to Allied Domecq once it completes its £739m purchase of Pedro Domecq Group, the Spanish drinks business.

Dropping the evocative Lyons name merits only a footnote in history yet it coincided with a significant shift in perceptions about London markets. Many investors who thought a little tea and sympathy would nurse the markets through their six-week malaise now subscribe to a gloomier prognosis.

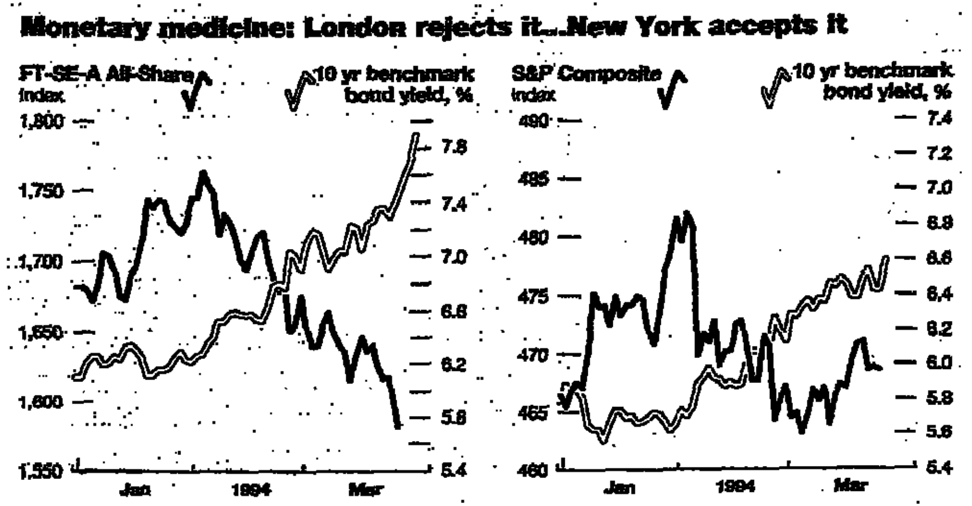
A sharper rise in inflation and a bigger current account deficit than forecast in the UK coupled with a further hike in interest rates in the US hammered UK equities, gilts and sterling this week. Any residual hope of an imminent UK interest rate cut now hinges on political expediency; the economic rationale has largely evaporated.

In fact, the next move in interest rates might well be up, a growing number of analysts believe, reversing the swooping decline from 15 per cent in October, 1990, to 5.25 per cent today which had driven the stock market rally.

Apart from feeble fillips on Tuesday and yesterday, equities retreated rapidly. The FT-SE 100 index closed down a net 89.1 points, or 2.8 per cent, on the week at 3,129.0. Gilts, ridden by interest rate worries, were the main culprit.

The price of the long gilts future contract lost a further four points to 105, taking its decline since the beginning of the year to about 12 per cent. The 10-year benchmark gilt price fell three points to 92. Sterling weakened as well, taking its decline against the D-Mark to some 5 per cent since January 1.

Monetary medicine: London rejects it...New York accepts it



Source: FT Graphite

The disturbing inflation figure was the 0.6 per cent rise in the retail price index during February, against forecasts of 0.4 per cent. The underlying annual rise, minus mortgages, was 2.8 per cent, against forecasts of 2.6 per cent.

The trade figures were, however, more damaging because of the export and import trends they imply. The current account deficit grew to £2.6bn in the fourth quarter of last year from £1.8bn in the third. Looking at non-EU trade, imports grew by more than 1 per cent a month in the three months to February to a record level while exports showed no growth over the period.

Among the more trenchant analysts, UBS claimed its research showed that the deficit could be double the official figure. "If our suspicions about the true external position are correct, Britain's recovery is built on sand more friable and shifting than we had ever imagined."

The UK's recovery, although the best in Europe, is lagging about a year behind the US's. Yet, UK markets have fared far worse than New York markets since the Federal Reserve Board first raised US interest rates seven weeks ago and gave them another nudge up on Tuesday.

The US economy is growing rapidly with no signs of pricing pressures. The Fed, has tightened, however, as a pre-emptive move against inflation. The US markets have accepted this. As the chart shows, bonds are stabilising and equities have recovered from their post-tightening low in early March.

With UK markets deeply unsettled by the Fed and other factors, bond yields have continued to rise and stocks to fall. Two factors at least are likely to prolong this agony. First, the increasing doubts over inflation and growth in the UK. Second, the Fed will be tightening more. It says it is moving from an easy to a neutral monetary stance. If US inflation is jogging along at about 2.5 to 3 per cent, that implies short term US interest rates could rise to around 4 or 5 per cent from 3.5 per cent currently. Given London equities' reaction so far to that regimen, it is hard to imagine them staging a rally.

While the equity markets had enough broad-based concerns as it was this past week, five leading stocks added some specific headaches. Shares in Glaxo fell 8.7 per cent, Wellcome 8.8 per cent, Allied-Lyons 7.8 per cent, Bowater 8.6 per cent, and Kingfisher 6.6 per cent.

Glaxo was hit by news of a competitive threat to its money-spinning Zantac ulcer drug. A Ciba-Geigy subsidiary has applied for US approval for a variant which would evade Glaxo's patent protection as early as next year.

Wellcome's interim results showed a marked slowdown in growth of sales volume and a 16 per cent drop in the sales value of Retrovir, its Aids drug. This was coupled with news of a drug withdrawal. A 79 per cent increase in interim dividend to 8.6p failed to halt the slide.

Bowater reported a 44 per cent increase in 1993 pre-tax profits to £212m and a 13 per cent increase in annual dividend to 12.55p. But it talked of difficulties in European packaging and printing markets, leaving investors feeling its defensive virtues in a recession were a liability in a recovery.

Kingfisher turned in a 51 per cent increase in annual pre-tax profits to £309m but a lot of that growth came from Darty, its French acquisition. Operating profits from its UK retailing operations such as Comet, Woolworths, B&Q and Superdrug fell 3 per cent. Its new policy of Every Day Low Pricing has yet to show through in profits.

As for Allied-Lyons, the combination of a £651m rights issue, the £739m purchase of Domecq and the forecast of only a £10m increase to £630m in pre-exceptional pre-tax profits for the year ending this month left investors cool.

But perhaps they will swarm to Domecq's virtues. After all, it has the first and third largest brandy brands in the world, a far more potent product than Mr Lyons' tea.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993/94 High	1993/94 Low	
FT-SE 100 Index	3129.0	-89.1	3520.3	2737.6	Base rate uncertainty
FT-SE Mid 250 Index	3775.2	-90.4	4152.8	2876.3	Overshadowed by blue chip activity
Allied-Lyons	568	-48	697	517	Domecq acquisition
Bowater	448	-42	524	402	Margin pressures
Cadbury Schweppes	474	-25	545	407	Rights issue fears
Carlton Comms	901	-62	1047	520	Nomura downgrade
Glaxo	625	-59½	801	509	Zantac concerns
Kingfisher	550	-39	783	496	Strategic worries
Lucas Inds	195	-24	239	126	Profit downgradings
Mowlem (John)	109½	-51½	190½	62	£63m rights issue
NatWest Bank	458	-27	634	398	Acquires Citizens First
P & O Defd	709	+30	728	504	Figures ahead of expectations
Rank Org	399	-19	447¼	254½	Consumer spending fears
Wellcome	572	-55½	993	549	Disappointing sales growth
Wembley	9½	-4½	22	8½	Property write-down fears

Serious Money

Fixed rates: hurry while stocks last

Gillian O'Connor, personal finance editor

Short-termism is one of the curses of the investing classes. So, it is doubly satisfactory to find a financial decision which makes sense on both a short and a longer term argument – and trebly satisfactory when it is one open to millions of ordinary people. For all we are talking about is an ordinary fixed-rate mortgage.

Let us start with the short-term arguments. Fixed-rate mortgages became popular more than a year ago as home-owners came up for air after several years of sky-high loan rates.

Estimates are that half to three-quarters of all new mortgage business is at fixed rates. And while interest rates hit the floor at the beginning of February, even after their recent rise you can still get a mortgage fixed for five years at around 7.5 to 8 per cent.

But hurry while stocks last. Prices of gilt-edged securities have been tumbling rapidly in the past few days. Fixed-interest mortgage rates are linked to gilt yields. Thus, some of the present mortgage offers could be withdrawn soon.

Indeed, it is happening already. The Woolwich has altered its rates for five-year fixed-rate mortgages twice in the past 10 days: from 6.95 to 7.45 per cent, and on up to 7.99 yesterday. (See page IV for more details of existing offers).

While rates remain as low as 8 per cent, you have the pleasant anomaly that you are paying much the same as you would for a variable-rate mortgage. Fixed money normally costs more.

That is an argument that will appeal even to the deeply myopic. Far more important is the outlook for interest rates over the next few years.

UBS Phillips and Drew, for instance, is expecting base rates virtually to double to 10 per cent by the end of next year, which suggests that even variable-rate mortgages could be back over the 11 per cent mark. So much for the brave new non-inflationary world of the 1990s.

Of course, not everybody agrees with that estimate. But it is hard to find anyone who thinks that interest rates can go significantly lower even this year, and most agree that any further dip will be very short-lived. So, that leaves very little to go for on the downside and lots of risk on the upside.

For new borrowers, the arguments in favour of a fixed rate are pretty conclusive. They appear to be balanced more finely when it comes to trading in your existing mortgage for one with a fixed rate.

Re-financing normally costs around £1,000 by the time you have paid the clutch of different charges that keep the financial services salesmen so sleek. Thus, rates need to rise to make the switch worthwhile. The higher they rise, the sooner you will cover the switching costs.

But there is another deterrent to consider. Most fixed-rate mortgage lenders have substantial penalties for borrowers who want to pay off their loans early. So, fixing your mortgage too far into the future could prove almost as expensive as failing to fix it at all.

The long-term arguments are more debatable and will not appeal to those who enjoy the thrill of outwitting the markets. They come down to the old truism that to finance a long-term asset with variable-rate money leaves you vulnerable to the whims of the market.

Assuming your income is relatively stable, why not fix this major chunk of your outgoings as well? After all, around 250,000 people whose homes have been repossessed can testify that the whims of the market can prove extremely painful.

■ ■ ■

At this time of the year, the most unlikely people start asking for financial advice. Even journalists. *FT* readers, being less feckless, undoubtedly have done all their year-end tax planning already.

Our detailed advice was published on March 12. But for those of you who have spent the past few weeks on Mars, here is a brief recap of some of the main points to check before April 5.

☐ Pre-paying fuel bills before VAT comes in on April 1. This is levied at 8 per cent initially, rising to 17.5 per cent in a year's time.

If you can afford the outlay, it makes sense to pay now for some of the fuel you expect to use. Electricity, gas and oil companies all have arrangements helping you to do so. (See Briefcase on page X and *Weekend FT* March 19).

☐ Capital gains tax planning. This is going to be relevant to an unusually large number of people this year, thanks to the strong rise in stock markets over the past 12 months. The basic aim is to ensure you make full use of your £5,800 tax-free allowance, since it cannot be carried forward. (See CGT, page VIII).

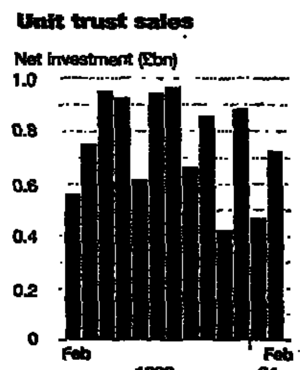
☐ Personal equity plans (Peps). You can shield up to £9,000 of investments from both income and gains tax each tax year. Administration costs sometimes cancel out the income tax savings in the early years of a Pep, and they are less use to people paying only the basic rate of tax. But, longer term, the protection from CGT is well worth having. And if you have investments already, a Pep is well worth considering. (Our survey was published on February 26).

☐ Making additional voluntary contributions to pension schemes. You need to get your contributions in by April 5 if you want tax relief against your income for 1993-94. If, however, you expect a pay rise which would take you into a higher tax bracket next year, it could make sense to hold fire.

AT A GLANCE

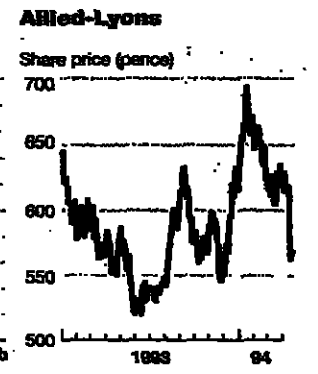
Finance and the Family Index

Unit trust sales



Source: AUTIF

Allied-Lyons



Source: FT Graphite

Savers abandon building societies for unit trusts

Money continued to pour into unit trusts as savers deserted the building societies last month. Net sales of unit trusts rose to £722.4m last month, £530m of which was private investors' money, according to the Association of Unit Trusts and Investment Funds. Meanwhile, the Building Societies Association reported a net outflow of £404m in February.

Among the most popular unit trust sectors were the five Pep-qualifying UK equity sectors, which attracted £335m between them, illustrating the rush to use up Pep allowances before the tax year ends. International growth funds were also popular. The unit trust industry had £98.9bn under management at the end of February.

The marketing drive is set to continue as more funds are still looking to pull in new money – see table on page X.

Allied-Lyons to change name

One of the biggest deals of this year was announced by drinks and foods group Allied-Lyons, which is paying £740m for control of Pedro Domecq group, the Spanish drinks producer. Allied is to finance the purchase with a £651m rights issue, and plans to change its name to Allied Domecq, dropping the name of J Lyons.

GM card offers new option

Vauxhall's GM Card holders, who can earn points towards a rebate on a new Vauxhall car or van, can also take part in a new scheme to benefit company car drivers.

Any user/chooser who drives a Vauxhall, or is planning to switch to one, will be able to swap points earned with spending on the card for vouchers useable in some high-street shops. Points worth up to £500 can be built up each year, for a total of up to £2,500 over five years. There is a redemption fee of £15 every time points are swapped for vouchers.

However, this option is only available for company car drivers, unlike the rival Ford Barclaycard, which gives all card holders the choice between a rebate on a car or consumer goods and leisure breaks from a catalogue.

Smaller companies suffer further

The Hoare Govett Smaller Companies Index (capital gains version) was down again last week, by 2.3 per cent to 1770.29 over the week to March 24. Over the same period the FT-SE A All-Share index fell 3.6 per cent. Since the beginning of the year the Smaller Companies index has dropped by 5.2 per cent, the All-Share by 5.3 per cent and the FT-SE 100 index by 7.9 per cent.

Wall Street

A week to satisfy the gloomiest Jonahs

Rising interest rates, fresh revelations in the Whitewater affair, an assassination in Mexico and the threat of war between the two Koreas: this week's news was bad enough to satisfy the gloomiest pessimist. No wonder shares on Wall Street took a tumble.

Yet, the surprise was not that the Dow Jones industrial average fell 75 points in four days of trading. It was that share prices did not fall further. After all, this is a bull market that has looked vulnerable ever since the Federal Reserve reversed five years of policy in early February by raising short-term interest rates from 3 per cent to 3.25 per cent.

Just before the Fed acted, the Dow was flirting with 4,000 and the Standard & Poor's appeared headed inexorably for 500. Since then, the two indices have not looked like getting near those landmarks again. Every time the market has taken a step forward, something has sent it two steps back.

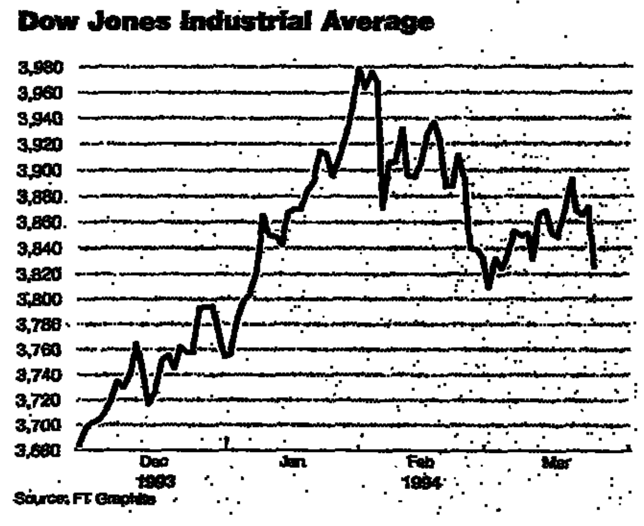
More often than not, that something has been another rise in bond yields. These have been rising because, in spite of statistics and analysis which suggest the contrary, investors in Treasury bonds are convinced that the recent rapid pace of economic growth will eventually feed through into a rate of higher inflation later this year. While stock market investors are more sanguine about the inflationary threat, they have been unable to ignore the depth of bond market concern, or the potential impact on equities.

Consequently, share prices have been stuck in limbo over the last two months. Almost everyone agrees that since the Fed raised rates, stocks were unlikely to be be heading much higher in the near future.

At the same time, there has been a growing apprehension on Wall Street that the market was becoming increasingly susceptible to a big sell-off, the sort that might be triggered by a nasty and unforeseen external shock.

Surely this week provided an ample supply of those? Yet, there are good reasons why the markets ultimately handled them so well.

Dow Jones Industrial Average



Source: FT Graphite

Taking take them one by one, the rise in interest rates was hardly unexpected, although once again the exact timing of the move caught the markets by surprise. On Tuesday, the Fed's Open Market Committee was in session. But, contrary to the expectation that the FOMC would sanction a rate increase, the Fed intervened in the bank lending market just before midday to keep short-term interest rates at their old target of 3.25 per cent. Analysts immediately said the action signalled no change in policy.

Yet, minutes later, the Fed announced it was, indeed, raising short-term rates, from 3.25 per cent to 3.5 per cent. The market reaction was instantaneous – bond and stocks prices surged. It seemed a puzzling response, but a second monetary policy tightening from the Fed had already been priced into stocks and bonds, so the rush of buying was mostly an expression of investors' relief that the dirty deed was done.

If the markets took the Fed rate increase in their stride, they were less assured in their reaction to the latest developments in the Whitewater affair. On Thursday, President Clinton announced he would hold an evening press conference to counter some of the more serious allegations. But nerves were further shaken when a leading Republican in Congress claimed he had new evidence on Whitewater damaging to the president.

Ultimately, however, neither the president's briefing, nor the congressman's supposedly damaging revelations, appeared to advance the story much further and, by Friday morning, the markets had moved on.

As for the two international shocks of the week – the assassination of Luis Donaldo Colosio Murrieta, leading candidate in the upcoming Mexican presidential election, and growing tensions on the Korean peninsula – were disturbing, but were not enough to undermine investor sentiment seriously.

Of the two, Korea has the greater potential to disrupt sentiment in the future, particularly if extra US military forces have to be sent to the region. The situation in Mexico, however, created more initial problems for US markets. Yet, while the death of Murrieta, coming so soon after the peasant uprising in Chiapas, reinforced the image that Mexico was mired in a phase of political instability, it did nothing to alter the economic and investment fundamentals of the country.

Once the initial shock of the assassination passes, US markets should be able to concentrate on more pressing concerns at home: inflation, rising interest rates, and an economy that may be growing too fast for its own good.

Patrick Harverson

Monday	3864.85	– 30.60
Tuesday	3862.55	– 02.30
Wednesday	3869.46	+ 06.91
Thursday	3821.09	– 48.37
Friday		

The Bottom Line

Kingfisher's muted song

Retail lore has it that Sir Geoffrey Mulcahy, chairman of the Kingfisher retail group, even has a yacht called No Comment. A shy, diffident man, he is an unlikely-seeming retail guru.

That role was thrust upon him, however, after his skilful piloting through the 1980s' boom of what was then called Woolworth Holdings. And people listened when he began talking about the need for a new retailing approach in the low-growth 1990s, involving lowering margins to drive sales volumes and increase market share.

Mulcahy's most recent coup was the £1bn takeover last year of Darty, France's largest electrical retailer and one of Europe's best.

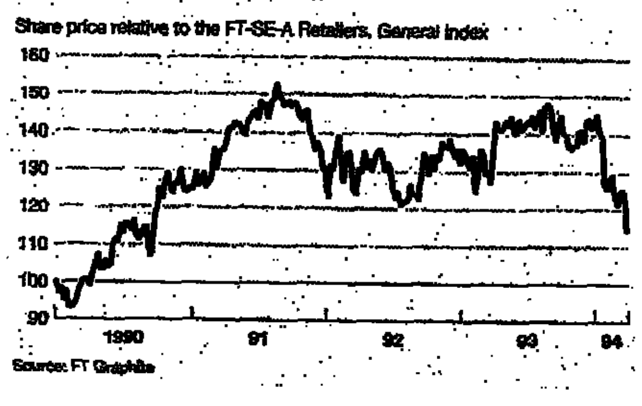
Unfortunately, the reluctant guru's "halo has slipped," as one retail analyst put it. By the time Kingfisher announced its results this week, its shares – long star performers of the stores sector – had dropped 22 per cent since a disappointing trading statement in January raised fears that Kingfisher's Everyday Low Pricing (EDLP) strategy was not working. And since the results on Wednesday, its shares have dropped a further xxp, closing at xxxp yesterday.

That must be irksome for a company which produced a 51 per cent rise in pre-tax profits for the year to January 29 from £204.8m to £309.3m. But the profits increase largely was down to a £79.2m contribution from Darty, a rise in the contribution from the group's property arm from £8.1m to £43m, and a smaller than expected interest charge of £7.6m.

Profits from UK retailing actually fell, with three of Kingfisher's four main chains reporting a decline. Only B&Q, the D-I-Y chain, showed a narrow increase. That is disappointing given that B&Q, Superdrug and Woolworth all enjoyed increases in like-for-like sales, which exclude new stores. The point is that as margins have been trimmed as part of the everyday low pricing strategy, sales have increased – but not enough to compensate for the gross margin sacrifice.

Kingfisher

Share price relative to the FT-SE-A Retailers, General index



Source: FT Graphite

Sir Geoff insists EDLP is a long-term process and the sales volumes will come through eventually. But, with Kingfisher's EDLP campaign now a year old, City analysts are asking how long that might take and whether the group has got the strategy right.

There were other reasons for the UK retail businesses' poor performance. Woolworth was hit by an unexpected collapse in the video games and consoles market. Superdrug was in the process of shifting its focus to personal care products, moving away from household and grocery ranges.

Moreover, some retail experts say the City is being characteristically short-sighted in expecting profits to shoot ahead as a result of Kingfisher's new strategy. They say it takes time for consumers to get the low-price message on the kind of infrequent purchases in which some of its chains, particularly Comet, specialise.

Analysts counter that in high-street chains, such as Woolworth and Superdrug, the benefits of EDLP should have come through more quickly.

There are reasons to retain faith in Kingfisher. Darty has been hit by the downturn in the French economy, with sales and operating profits down, but it increased its share of a declining market. When the French recovery begins, the company should reap the benefits.

There is also more progress to be made in exploiting the synergies between Darty and Comet, and bringing the latter chain up the standards of the former.

Looking further ahead, some analysts are enthusiastic about the prospects for B&Q Warehouses (previously called The Depot), the 100,000 sq ft D-I-Y giants Kingfisher is developing.

The benefits of these developments, like those of EDLP, will take time to come through. Although Kingfisher's shares now look cheap, anyone contemplating buying them may need large reserves of patience.

But, concluded one analyst yesterday: "Kingfisher still has an excellent track record of both earnings and share price growth. Shareholders might be foolish to sell them at this level."

Neil Buckley

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Risks – but rewards, too

*Avoid emerging markets and you will lose out, says **Gillian O'Connor***

The new Aztec fund is using shots of a nappy factory in Mexico City to plug the solid merits of Latin American investment. Indeed, Mexico is seen widely as one of the safest and most stable of the emerging stock markets. But even Wall Street was shaken by the assassination on Wednesday of the country's presidential candidate. Safety is a relative concept.

This year has been proving tough already for investors in emerging markets. Most have jerked into reverse, with some spine-chilling individual movements. Turkey, for instance, is less than half its level at the beginning of the year. But while emerging markets are different and dangerous, they are likely to be a permanent feature on the investment scene. Anyone who avoids them entirely will lose out in the long term.

■ **What are emerging markets?**
No definitive list exists although there is a hard core of countries which most investors would agree warrants the label. Some people include all countries with economies that are relatively undeveloped but starting to sprint. Others allow only those with markets mature enough to absorb – and welcome – foreign investment.

Most of the hard-core countries are in south-east Asia (the Pacific rim) and Latin America. India has just joined the list because political and economic change has opened it recently to direct and indirect investment. Hong Kong and Singapore, both relatively mature, are honorary members because international investors have been using them as a proxy for China.

■ **What is the background?**
Economic growth in the developed countries was slowing, even before they were pole-axed by the recession, and economists reckon the rapid expansion in the other parts of the world is more than a temporary phenomenon. The collapse of communism in eastern Europe, and China's lumbering re-birth, have altered dramatically the balance of the world economy. Both the economies and the stock markets of the developing countries are expected to have a much larger chunk of the world total by the end of this century.

Investment managers in the developed countries, notably the US, are trying to ensure that the funds they run share in the explosive growth of some of these nascent economies. Stock markets in most of the countries are relatively immature, but western investors have been pouring in money as fast as the markets could absorb it.

Our chart shows how the flow accelerated in 1993. Many of the markets rose almost vertically, and companies which had seemed bargains to western investors began to look much pricier. So, the investing institutions ranged ever wider.

When many of the Pacific rim stock markets had doubled, the institutions switched their attentions to Latin America, long regarded as an also-ran in the economic stakes. Last year, it hardly mattered which market you bought or what individual stocks. This year, after a sharp setback in most markets, investors need to be more selective.

Anxiety that China is overheating, despite endeavours to damp it down, overshadow the Pacific markets that depend on it. And countries linked to the dollar may have to pull in their own belts as US rates rise. But investors need also to weigh up factors as disparate as stock market liquidity and political stability. Emerging markets are not all equal. Buying the right stocks will be important.

■ **Is this a good time to buy?**
Probably not. Securities firm BZW suggested last year that its clients should have a relatively high investment in emerging markets. BZW is now "neutral".

One worry is that the tide of US money could ebb as rapidly as it flowed if US interest rates become more attractive – or even in sheer funk. If this were to happen, the impact on some markets could be dramatic. Prices would tumble as rapidly as they rose, and investors might in many cases find it hard to get their money out.

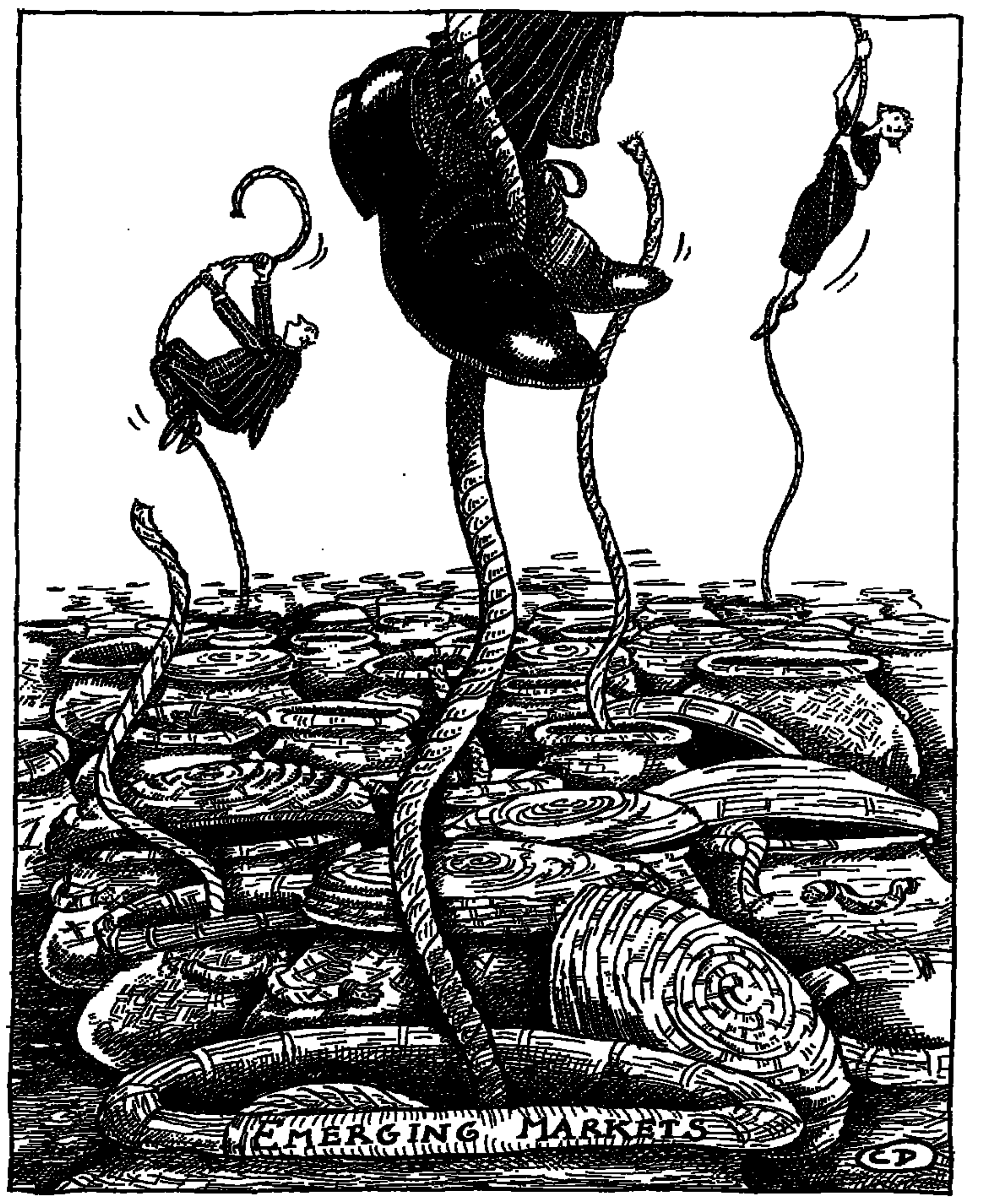
But that does not mean that anyone with money already in should get out. The higher risk/reward profile of emerging markets makes them an even longer-term investment than elsewhere.

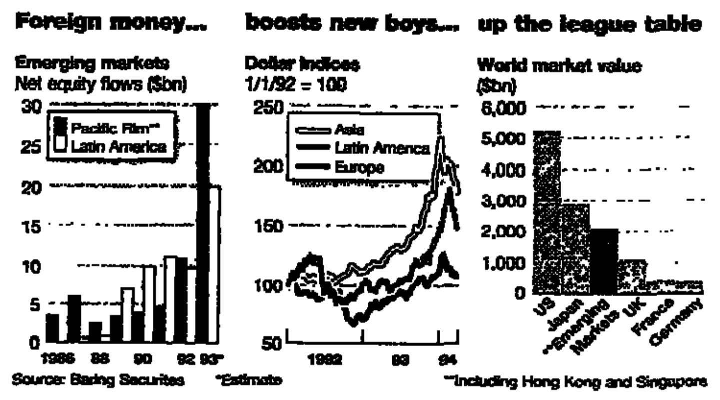
■ **How to invest**
Your long-term strategy should depend on who you are. If you are an affluent, footloose expatriate with no local loyalties, you might have as much as 20 per cent of your equity portfolio in emerging markets. If you live in the UK, around 3 to 8 per cent is probably the most you should consider. Indeed, anyone nearing retirement and who cannot afford high risk should shun them altogether.

Direct investment in shares in emerging markets is not for the amateur. It is, however, possible to buy shares in companies which do business with emerging countries and should benefit from their growth. Infrastructure, telecoms and power generation are a priority. So, buying shares in companies such as GEC or Cable & Wireless is an indirect way of joining the boom without taking on the risks associated with the local stock market.

If you are investing through unit or investment trusts, the vehicle you choose will affect the overall riskiness of your portfolio. Generally speaking, global funds, which can invest anywhere in the world, should be less risky than regional funds, and much less risky than single country funds.

But what if you want to *increase* your risk/reward profile? A more closely-targeted fund is one way. Another is to choose an investment trust which uses borrowed money or to buy investment trust warrants. In both cases, the market price of the security exaggerates movements in the asset value of the underlying shares.





Trusts offer the best way in

For most investors, the only practical way of investing in emerging markets will be through a unit or investment trust, *write Scheherazade Daneshkhu and Bethan Hutton.*

Arguably, unit trusts have a potential disadvantage compared with investment trusts. Since a unit trust is an open-ended fund, the manager may find himself having to sell holdings quickly to meet redemptions if performance falters and investors want to liquidate their holdings. But this could be tricky in emerging markets which are relatively illiquid.

Investment trusts do not have this problem. Instead, the trust might fall to a deep discount if the fund or the countries in which it invests become unpopular.

Unit trusts for the global emerging markets are to be found in the crowded international equity growth sector. The top performer over three and five years to March 1 is an emerging markets fund: Prosperity Emerging Markets. This has returned growth of 293 per cent over the five-year period. City of London Emerging Markets is another in the top four funds for the same periods (HSW: offer to bid, net income re-invested).

Investors preferring an investment trust have seven general emerging market funds to choose from: Abtrust, Beta, Fleming, Foreign & Colonial, Govett, Kleinwort, and Templeton. A few months ago, most were looking very expensive, with shares standing at substantial premiums to net asset value. But the reversals in many emerging markets, and a change in sentiment in the UK, have made them more affordable.

Willing risk-takers may be interested in the handful of single country funds, and regional funds for the Pacific rim and Latin America. But for anyone preferring a more cautious approach, many emerging markets investment and unit trusts have savings schemes which allow you to put in a fixed monthly amount.

Nigel Sidebottom, a private client fund manager who specialises in investment trusts with stockbroker Gerrard Vivian Gray, picks Foreign & Colonial Emerging Markets as his favoured buy at the moment. This week's assassination of the Mexican presidential candidate hit F&C's share price, like other funds with large exposures to that country, but Sidebottom says this could be viewed as a buying opportunity for anybody prepared to sit out short-term volatility.

The F&C fund does not have a long record under its present name and management. Formerly the New Frontiers Development trust, it started life as a US venture capital fund before mutating into an emerging markets fund under the management of Ivory & Sime. F&C took over the management only last September but Sidebottom says he has confidence in the team, which has wide experience in the various markets.

Templeton, a longer-established and extremely popular trust in the sector, is raising new capital with a conversion share issue at present. Investments in the Templeton fund grew by more than 270 per cent over the three years to March 1 (source: HSW).

While such spectacular returns cannot be guaranteed for the future, the fund's main manager, Mark Mobius, has a good track record.

The week ahead

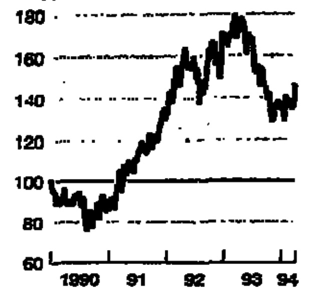
Inchcape inches ahead after setback

The fashion for updating analysts on trading could have taken something of a dent after Inchcape's experience in January. When the international trading group – which announces 1993 results on Monday – met stockbroking analysts, some thought it had said nothing new of any great significance. But others came away from the meeting bearish and cut their forecasts. In the following days, the shares slumped nearly 70p from a high of 606p. Only recently have they begun to recover.

All will be revealed in Monday's numbers. There is a wide range of forecasts, although most close Inchcape watchers range from £265m to £275m (up from £250.1m in 1992), excluding a £16m profit on the sale of a minority stake in Toyota GB to Toyota. Inchcape told analysts at the briefing that the second half had been similar to the first, when profits rose from £117.1m to £130.9m in spite of a £12m higher interest charge.

Inchcape

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

☐ Caradon, the building products group which last year bought RTZ's Pillar business for £800m, is expected to show a slight rise in pre-tax profits for 1993 – from £125.7m, to around £128m to £130m – when it reports full year results on Wednesday. But there also will be an exceptional profit of £100m on the sale last year of the group's 25 per cent stake in Carnaud Metalbox, the packaging group.

☐ On Tuesday, it is the turn of Taylor Woodrow, and analysts expect pre-tax profits to have been between £20m and £25m compared with a re-stated loss of £94.5m for 1992, which included £51.5m of property provisions.

☐ Redland, Europe's biggest roof tile producer, reports on Thursday and is expected to have increased pre-tax profits from £199m in 1992 to £270m last year on a strong performance in Germany.

☐ City analysts are looking for Pearson's pre-tax profits to increase from £151m last year to between £201m and £215m for 1993 when the media group's results for the year to December are announced on Monday.

The results could take some of the pressure off the share price, which has dropped from a high this year of 735p to 615p, with a particularly sharp drop in the past week. The share price fall does not seem to have been caused by any event and trading volumes have been low.

☐ Blenheim Group, the exhibition organiser whose shares have almost halved over the past year, is expected to report profits of between £42m and £45m for 1993 on Tuesday. That compares with profits of £49.7m for the 16 months to December 1992.

☐ Next, the UK fashion chain which has recovered strongly since running into difficulties at the end of the 1980s, is expected on Tuesday to provide further evidence of its resurgence with pre-tax profits of about £70m for the year to January 31, up from £38.9m last time.

Next reported a very strong Christmas performance in January, with high street sales up a total of 18 per cent in the second half-year, and mail order sales through Next Directory up 9 per cent. Analysts are keen to hear if that improving performance has been sustained since the year-end.

The dividend is expected to double from 2.5p to 5p.

Society axes fixed-rate offer

But plenty remain to tempt home-buyers, reports ***Bethan Hutton***

Market upheavals mean that fixed-rate mortgage offers do not have a long shelf life at the moment. The Yorkshire building society withdrew a planned range of six this week before it had even been launched. But there are still a number around.

New rates from the Woolwich are 7.99 per cent fixed for five years, or 6.99 for two years. Arrangement fees are £295 and £225 respectively, and the penalty for early redemption during the fixed period is six months' interest on the former and three months' on the latter.

Loans are available as repayment, endowment, pension, Pep and re-mortgages, up to 95 per cent of valuation (except for re-mortgages). Insurance is not compulsory.

The Nationwide has fixed-rate offers for periods of two to 10 years, with rates varying from 6.39 per cent over two years (6.29 for first-time buyers), 6.99 fixed for three years, and 8.89 over 10 years for buyers with a 15 per cent deposit; otherwise, for loans up to the usual limit of 95 per cent of valuation, it is 8.99 per cent.

Early redemption penalties are between three and 10 months' interest. Arrangement fees range from £200 to £300 (£95 for first-time buyers).

Barclays is offering fixes over two, four and 10 years for existing home-owners, with versions over two and four years for first-time buyers. Rates are 6.25, 7.45 and 8.65 per cent, or 5.95 and 6.95 per cent for first-timers. Purchase of a Barclays' life assurance policy is compulsory for first-timers.

Booking and arrangement fees are from £200 to £400; £100 will be refunded to existing home-owners if they take out a life policy or pension. Redemption fees are three to seven months' interest.

Halifax has five fixed rates over two to six years. They go from 6.25 per cent over two years to 8.49 over six. There are cash incentives of £300 to £500 on completion, and arrangement fees are between £150 and £250.

National & Provincial is holding its one and two-year fixed rates until early next week, but has raised rates for fixes over three, four and five year. The new rates for loans of up to 95 per cent of value are: 7.25 per cent until February 1997, 7.50 until February 1998, and 7.95 until February 1999. For loans of up to 75 per cent of value, the rates are 6.95, 7.25 and 7.75 per cent respectively.

The maximum re-mortgage is 90 per cent of value. Arrangement fees are £250 and a free valuation is included, but buildings and contents insurance has to be arranged through N&P. Early redemption penalties range from 90 to 120 days. N&P's one-year fix is at 3.25 per cent, or 3.95 per cent depending on what proportion of the property's value is borrowed; the two-year rates are 5.64 or 5.84 per cent, with the same conditions as above. There are special offers for first-time buyers, too.

Mortgage broker John Charcol continues to offer a three-year fix at 6.99 per cent for anyone wishing to borrow between 75 and 90 per cent of the value of their homes. Remortgaging costs a fixed fee of £250, and Charcol will pay all the costs for this except for early redemption penalties on earlier fixed-rate mortgages. But the firm warns that the offer will be withdrawn soon.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abbeycrest	T&A	Dec	1,780	(1,350)	5.2	(3.8)	3.2	(3.2)
American Trust	InTr	Jan	6,800	(6,020)	5.49	(4.82)	5.4	(4.9)
Antofagasta	Divl	Dec	23,100	(23,500)	73.5	(80.0)	21.0	(20.0)
Appleyard	Dist	Dec	5,120	(223)	6.8	(0.8)	5.5	(5.2)
APV	Eng	Dec	13,400	(20,200)	0.9	(3.0)	5.4	(5.4)
Arcolectric	E&EE	Dec	403	(105)	5.57	(2.13)	1.215	(1.17)
Arlington Securities	n/a	Dec	5,100	(12,900)	-	(-)	-	(-)
Argos	RetG	Jan	83,500	(52,900)	18.6	(11.7)	8.0	(7.0)
Aspen Communications	PP&P	Dec	157	(1,830)	-	(-)	4.9	(4.9)
Astec (BSR)	E&EE	Dec	14,900	(7,820)	4.16	(2.15)	0.75	(-)
Avonmore Foods	FdMa	Dec‡‡	29,200	(25,000)	14.35	(12.11)	3.55	(3.3)
Avonside	B&C	Dec	5,510	(4,550)	8.54	(7.08)	4.2	(4.0)
Ayrshire Metals	n/a	Dec	1,360	(209)	8.3	(2.1)	1.5	(-)
Baird (William)	T&A	Dec	19,600	(14,200)	10.9	(8.4)	8.9	(8.9)
Barr & Wallace	L&H	Dec	4,400	(3,700)	22.7	(18.1)	11.0	(10.0)
BNB Resources	SupS	Dec	2,590	(712)	8.7	(3.0)	4.9	(4.8)
Beradin Holdings	n/a	Dec	495	(476)	2.01	(1.69)	1.2	(1.1)
Bilston & Batt. Enam.	HseG	Dec	233 L	(222 L)	-	(-)	-	(-)
Booker	FdMa	Dec	86,900	(67,900)	28.5	(19.3)	21.75	(21.75)
Bourne End Properties	Prop	Dec	55 L	(1,170 L)	-	(-)	1.0	(1.0)
Bowater	Amer	Dec	212,000	(147,000)	28.2	(24.4)	12.55	(11.1)
Bowthorpe	E&EE	Dec	51,100	(42,700)	18.18	(15.38)	6.91	(6.28)
BPP Holdings	SupS	Dec	6,300	(8,700)	13.2	(14.5)	8.8	(8.0)
Bridon	Eng	Dec	22,700 L	(1,200)	-	(-)	4.0	(4.0)
Britannic Assurance	LfAs	Dec	27,900	(23,700)	14.4	(12.64)	12.6	(11.2)
BSG International	EngV	Dec	10,800	(7,800)	2.43	(1.57)	3.2	(3.2)
Bunzl	PP&P	Dec	55,800	(40,400)	8.3	(5.6)	2.3	(2.2)
Bupa	n/a	Dec	41,200	(36,500)	-	(-)	-	(-)
Canning (W)	Chem	Dec	2,210	(2,430)	7.8	(7.2)	7.29	(7.29)
Cattle's Holdings	OtFn	Dec	15,800	(13,700)	8.8	(9.0)	5.0	(4.2)
Caverdale	EngV	Dec	1,500	(950 L)	1.02	(-)	0.15	(-)
CIA	Med	Dec	4,280	(3,650)	18.54	(15.72)	5.14	(4.35)
Clinton Cards	RetG	Jan	3,020	(2,310)	11.61	(9.76)	4.71	(4.25)
Clyde Petroleum	OE&P	Dec	23,400 L	(39,800 L)	-	(-)	-	(-)
CMG	n/a	Dec	11,100	(-)	35.4	(35.3)	-	(-)
Crestacare	HthC	Dec	341	(1,580 L)	-	(-)	0.75	(0.5)
Dagenham Motors	Dist	Dec	2,350	(1,480)	8.7	(5.8)	8.25	(5.75)
Derwent Valley	Prop	Dec	2,540	(896)	20.8	(10.2)	9.1	(8.8)
Devro International	FdMa	Dec	18,000	(13,100)	14.8	(10.5)	4.17	(-)
Doeflex	Chem	Dec	1,220	(1,500)	8.83	(12.28)	4.8	(4.8)
English & Scot. Inv.	InTr	Jan	4,220	(4,310)	1.98	(1.95)	1.75	(1.75)
Era Group	RetG	Dec	826 L	(159)	-	(-)	-	(-)
EW Fact	SupS	Dec	1,350	(882)	13.19	(7.44)	4.74	(4.31)
Fired Earth	RetG	Dec	423 L	(23)	-	(-)	-	(-)
Frost	RetG	Dec	7,850	(5,750)	9.5	(7.7)	4.9	(3.9)
Geest	RetF	Jan	3,800 L	(3,100)	-	(-)	8.1	(8.1)
Goal Petroleum	OE&P	Dec	5,100	(6,600)	3.79	(5.23)	1.45	(1.4)
Hepworth	BM&M	Dec	58,300	(44,800)	19.2	(15.6)	14.85	(14.85)
Hibernian	Ins	Dec‡‡	47,400	(5,860)	26.2	(22.8)	7.0	(6.2)
Holders Tech.	Dist	Nov	446	(394)	9.23	(9.07)	8.0	(8.0)
Iceland Group	RetF	Jan	65,200	(55,300)	15.68	(14.1)	3.8	(3.33)
Kingfisher	RetG	Dec	309,300	(204,800)	36.9	(29.3)	14.9	(13.7)
Laing (John)	B&C	Dec	18,300	(11,800)	15.0	(9.4)	9.0	(9.0)
Lasmo	OE&P	Dec	9,000 L	(262 L)	-	(-)	1.3	(3.3)
Law Debenture	InTr	Dec	6,700	(6,200)	21.91	(20.07)	19.25	(18.25)
Lex Service	Dist	Dec	101,500	(107,000)	88.5	(98.7)	12.5	(10.6)
Lilliput	RetG	Dec	3,080	(2,010)	9.5	(6.7)	0.8	(-)
Lowe (Robert H)	T&A	Nov	11,880 L	(1,980 L)	-	(-)	-	(-)
Malaya	Dist	Dec	378 L	(982 L)	-	(-)	-	(-)
Matthews (Bernard)	FdMa	Jan	11,300	(3,340)	6.27	(4.83)	1.4	(1.25)
Mayborn	HsGd	Dec	4,240	(3,550)	14.3	(12.4)	5.7	(5.0)
Metalrax	Eng	Dec	8,020	(7,470)	6.36	(6.27)	4.0	(3.64)
Molins	Eng	Dec	20,400	(18,300)	49.7	(41.9)	15.4	(14.0)
Monument Oil & Gas	OE&P	Dec	7,880	(4,790)	1.22	(0.62)	-	(-)
More O'Ferrall	Med	Dec	7,800	(220)	16.5	(-)	13.2	(13.2)
Morrison (W M)	RetF	Jan	97,800	(90,000)	8.05	(7.23)	0.8	(0.84)
Mowlem (John)	B&C	Dec	124,200 L	(38,500 L)	-	(-)	2.0	(4.0)
North Sea Assets	OE&P	Dec	1,950	(1,330)	2.76	(2.08)	1.1	(1.0)
P & O	Tran	Dec	523,700	(270,400)	66.5	(32.3)	30.5	(30.5)
Padang Senang	n/a	Dec	161	(183)	2.05	(1.88)	1.2	(1.2)
Page (Michael)	SupS	Dec	3,840	(1,860)	4.01	(2.04)	2.1	(1.8)
Pendragon	Dist	Dec	7,370	(5,230)	14.1	(11.8)	7.2	(6.8)
Perry	Dist	Dec	5,180	(3,220 L)	18.2	(-)	7.0	(6.0)
Prudential	LfIn	Dec	589,000	(408,000)	21.0	(15.0)	13.2	(11.9)
Quality Software	SupS	Dec	353	(1,200)	7.3	(20.8)	1.25	(-)
Quicks	Dist	Dec	3,040	(2,080)	9.5	(7.8)	5.0	(4.5)
Reckitt & Colman	HseG	Dec	260,000	(165,000)	45.02	(25.16)	17.55	(16.2)
Reflex	SupS	Dec‡‡	619	(4,530 L)	4.25	(-)	-	(-)
Richardsons Westgarth	Eng	Dec	2,520	(1,820)	4.9	(4.6)	3.2	(3.0)
RPS	Prop	Dec	825	(727)	4.87	(4.82)	2.4	(2.2)
Ruberoid	BM&M	Dec	7,100	(-)	10.8	(-)	1.8	(-)
Secure Trust	OtFn	Dec	7,610	(7,320)	35.8	(34.3)	15.0	(13.6)
Slough Estates	Prop	Dec	53,000	(46,400)	7.0	(7.9)	8.1	(8.1)
Sun Alliance	Ins	Dec	221,700	(129,600)	22.3	(-)	14.75	(14.25)
TLS Range	Dist	Dec	209	(190)	0.9	(-)	0.5	(0.25)
Trinity International	Med	Dec	19,860	(15,090)	20.2	(14.4)	9.7	(8.7)
Try	B&C	Dec	2,170 L	(610 L)	-	(-)	0.5	(1.0)
TT Group	Divl	Dec	23,900	(16,600)	19.3	(16.2)	6.6	(6.0)
UK Safety	T&A	Dec	1,600	(3,650)	5.7	(4.2)	2.6	(-)
Unichem	HthC	Dec	37,500	(29,400)	17.8	(13.7)	6.5	(5.85)
United Newspapers	Med	Dec	137,700	(109,900)	35.8	(32.9)	22.0	(21.5)
Vinten	Eng	Dec	4,210	(10,200)	6.1	(21.7)	7.8	(7.0)
Waco	PP&P	Dec	15,900	(28,400)	11.6	(-)	3.5	(2.25)
Weir	Eng	Dec	37,500	(39,200)	17.3	(17.7)	6.5	(5.9)
West Hampshire Water	Wat	Dec	1,580	(1,290)	182.0	(152.0)	78.0	(36.0)
Whatman	Eng	Dec	10,700	(9,710)	30.76	(27.79)	10.2	(9.5)
Wilson Bowden	B&C	Dec	31,200	(16,900)	(22.4)	(14.2)	9.3	(8.7)
Wolstenholme Rink	Chem	Dec	4,400	(2,990)	39.8	(24.4)	18.0	(17.0)
Wood (Arthur & Sons)	HseG	Dec	119	(77)	4.9	(2.79)	3.0	(1.5)
World of Leather	RetG	Dec	121 L	(44)	-	(-)	-	(-)

RESULTS DUE

Company	Sector	Anncmnt due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Ash & Lacy	Eng	Thursday	2.5	3.9	2.5
Automated Security	SupS	Monday	2.25	3.05	3.05
Bailey (C H)	OS&B	Tuesday	-	-	-
Bardon	BM&M	Tuesday	0.8	1.2	0.8
Bemrose	PP&P	Monday	4.3	7.45	4.3
Blenheim	Med	Tuesday	6.3	3.0	3.4
BLP	HseG	Wednesday	-	-	-
Boxmore International	PP&P	Thursday	1.15	2.53	2.75
Brake Bros	RetF	Tuesday	4.35	-	2.0
British Alcan Aluminium	n/a	Wednesday	-	-	-
British Fittings	Dist	Wednesday	0.5	1.0	0.75
Calor	GasD	Thursday	6.0	6.0	6.0
Caradon	BM&M	Wednesday	2.75	5.9	2.83
Clarkson (Horace)	Tran	Thursday	0.5	1.0	0.75
Clementone	n/a	Thursday	-	-	-
Croda International	Chem	Tuesday	2.75	5.0	2.95
EBC	B&C	Monday	1.75	2.25	1.75
Edinburgh Fund Managers	OtFn	Monday	5.0	8.5	6.0
Estates & General	Prop	Tuesday	-	-	-
FBD	n/a	Tuesday	-	-	-
Forth Ports	Tran	Monday	2.0	4.25	2.25
Glenchewton	Dist	Tuesday	-	-	-
Global	FdMa	Monday	0.2	0.3	0.2
Grampian Holdings	Pharm	Wednesday	3.8	-	1.7
Great Southern	OS&B	Wednesday	3.6	7.4	4.0
Harrisons & Crosfield	Divl	Wednesday	3.6	5.4	3.6
Headlam	Dist	Monday	0.75	1.85	0.85
Henderson Highland Trust	InTr	Tuesday	1.4	1.4	1.4
Hickson International	Chem	Tuesday	2.85	5.15	2.85
Higgs & Hill	B&C	Wednesday	1.0	1.5	1.0
Hodder Headline	Med	Tuesday	1.5	3.0	1.65
Hogg	Ins	Wednesday	3.15	6.0	3.15
Inchcape	Dist	Monday	5.4	8.35	5.8
IOM Steam Packet	Tran	Monday	3.0	7.0	3.5
Jeyes	HseG	Tuesday	3.1	4.5	3.3
Johnston Press	Med	Wednesday	2.25	1.0	1.0
Jourdan (Thomas)	Divl	Tuesday	0.5	0.25	0.5
LEC Refridgeration	E&EE	Wednesday	4.0	5.0	4.0
Macfarlane	PP&P	Wednesday	1.88	2.90	1.44
Martin Currie Pacific	InTr	Wednesday	-	0.4	-
Martin International	TexA	Thursday	1.7	2.7	0.4
Mayflower	EngV	Wednesday	0.40	0.85	0.45
Meggitt	Eng	Wednesday	1.25	2.53	1.3
Metsec	Eng	Tuesday	-	-	-
NB Smaller Co's Trust	InTr	Tuesday	0.94	2.51	0.84
Nelson Hurst	n/a	Monday	-	-	-
Nestor BNA	HthC	Monday	1.15	2.0	1.15
Next	RetG	Tuesday	0.5	2.0	1.5
Ocean Group	Tran	Wednesday	4.71	9.62	4.71
Pearson	Med	Monday	5.375	8.625	5.375
Princedale	Med	Wednesday	-	-	-
Pelon	E&EE	Tuesday	1.5	1.0	1.0
RJB Mining	Extl	Monday	-	-	5.0
Redland	BM&M	Thursday	8.25	16.75	8.25
Roskel	RetG	Wednesday	1.3	3.0	1.3
Rotork	Eng	Tuesday	4.65	6.50	1.75
Roxboro	E&EE	Monday	-	-	-
Royal Doulton	n/a	Monday	-	-	-
Russell (Alexander)	BM&M	Wednesday	1.0	-	0.5
Rutland Trust	OtFn	Monday	0.27	0.53	0.27
Scholl	HthC	Monday	2.6	3.7	2.6
Schroder Split Fund	InTr	Monday	-	-	-
Senior Engineering	Eng	Wednesday	1.2	1.95	1.26
Servomex	Eng	Tuesday	1.9	4.0	1.9
Sharpe & Fisher	BM&M	Monday	1.5	2.5	1.5
Sherwood Group	TexA	Monday	0.9	1.7	1.0
Spirax Sarco Engineering	Eng	Wednesday	2.7	6.6	6.6
Steel Burrill Jones	Ins	Monday	4.25	9.0	3.0
T & S Stores	RetG	Monday	2.4	3.5	2.5
Tanjong	L&H	Thursday	0.417	1.027	1.98
Taylor Nelson AGB	Med	Monday	0.10	0.20	0.13
Taylor Woodrow	B&C	Tuesday	0.5	0.5	0.5
Thomson Clive Invs	InTr	Monday	-	3.8	-
Tibbett & Britton	Tran	Tuesday	3.8	8.1	4.5
Tilbury Douglas	B&C	Wednesday	10.5	22.5	10.5
TransTec	Eng	Tuesday	6.25	9.75	6.5
Ulster TV	Med	Tuesday	4.25	5.75	6.25
Virtuality	SupS	Wednesday	-	-	-
Watts Blake Bearne	Extl	Tuesday	2.7	8.0	3.5
Wilson (Connolly)	B&C	Wednesday	1.27	2.86	1.27
INTERIM DIVIDENDS					
Adwest Group	Divl	Tuesday	-	-	-
Bridport Gundry	T&A	Wednesday	1.5	1.0	-
Graystone	Eng	Monday	-	-	-
Lloyd Thompson	Ins	Tuesday	2.0	4.7	-
Murray Ventures	InTr	Thursday	3.4	7.5	-
MY Holdings	PP&P	Monday	2.1	3.25	-
Pressac	E&EE	Wednesday	0.75	1.82	-
Scottish Metropolitan	Prop	Monday	0.4	1.1	-
Thorpe (FW)	E&EE	Tuesday	0.5	1.0	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Anglia Television†	637§§	651	484	292.0	MAI
Clayton, Son	128*	127	117	3.40	Motherwell
Europa Mins	62.2	52	-	15.0	Burmine
Freeman ‡	242	234	220	17.57	Sheffield Ins.
In Shops ‡	116	116	83	58.36	Birkby
LWT ‡	786§§	714	585	613.11	Granada
Magellan Inds	183	180	173	46.82	Claremont
Molynx	23.65	24	23	5.01	Silverrmines
Newspaper Pub.	355*	350	350	78.00	MGN Consortium
Reject Shop	22.4	30	58	2.5	Upton & Southern
Westland	299*	317½	305	496.0	GKN

*All cash offer. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 25/3/94. §§Shares and cash.

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Allied Leisure	L&H	Jan	16,100 L	(1,200)	-	(1.0)
Allied London Prop.	Prop	Dec	5,750	(2,880)	4.1	(2.5)
Baillie Gifford Jap	InTr	Aug	183 L	(43 L)	-	(-)
Barratt Developments	B&C	Dec	11,300	(4,800)	2.0	(1.0)
British Bdg.& Eng.	n/a	Dec	902	(1,410)	2.5	(2.5)
Brantcliffe	Extn	Dec	835	(-)	0.5	(-)
Burns Stewart Dist.	SW&C	Dec	1,810	(4,300)	1.7	(1.7)
Butte Mining	Min	Dec	355 L	(336 L)	-	(-)
BZW Conv Inv Trust	InTr	Jan♦	1,731	(1,731	3.0	(3.0)
Campbell & Arms.	B&C	Dec♥	294 L	(3,940 L)	-	(-)
Cooper (Frederick)	Eng	Jan	2,430	(1,770)	0.8	(0.7)
Dorling Kindersley	Med	Dec	3,510	(4,200)	1.1	(1.1)
Dowding & Mills	E&EE	Dec	3,340	(1,770)	0.94	(0.92)
Ex-Lands	L&H	Dec	484	(822)	-	(-)
Fortnum & Mason	RetG	Jan	1,600	(1,500)	88.0	(86.0)
Gleeson (M J)	B&M	Dec	4,100	(4,060)	3.35	(3.35)
Lincat	Eng	Dec	688	(549)	2.2	(2.0)
London & St.Lawrence	n/a	Feb	2,150	(756)	3.12	(-)
Lucas	EngV	Jan	20,100	(4,200)	2.1	(2.1)
Manganese Bronze	Eng	Jan	1,270	(577)	1.5	(0.5)
Maunders (John)	B&C	Dec	3,030	(1,400)	2.45	(2.3)
NFC	Tran	Jan★	28,300	(19,500)	1.4	(1.3)
Ricardo	SupS	Dec	1,970	(875)	2.0	(1.8)
Sirdar	T&A	Dec	2,810	(2,870)	1.72	(1.60)
Tay Homes	B&C	Dec	1,220	(1,030)	1.35	(1.2)
Town Centre Secs.	Prop	Dec	3,950	(3,650)	1.2	(1.1)
Trace Computer	SupS	Nov	216	(105)	0.55	(0.55)
Trafford Park Est.	Prop	Dec	2,440	(1,740)	0.85	(0.85)
UDO Holdings	OS&B	Jan	1,850	(1,400)	2.22	(2.07)
Wellcome	Pharm	Feb	358,100	(324,600)	8.8	(4.8)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ‡‡ Irish punts and pence. ★ 16 weeks. ♦ 2nd quarterly. ♥ Nine months.

RIGHTS ISSUES

Dagenham Motors is to raise £3.9m via a 2 for 5 at 153p rights issue.
Era is to raise £5.2m via a 1 for 1 at 9p rights issue.
McCarthy & Stone is to raise £15.5m via a 2 for 5 at 58p rights issue.
Mowlem (John) is to raise £83.1m via a 3 for 5 at 100p rights issue.
Richardsons Westgarth is to raise £5.7m via a 1 for 4 at 85p rights issue.
Shandwick is to raise £18.9m via a 1 for 2 at 45p rights issue.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Fiscal Properties is to raise £25m via its flotation.
Gowett Global Smaller Inv. Trust is to raise £50m via a placing.
Just Group is to raise £0.26m via a placing of 18.8m shares at 2.5p
Lombard Insurance is to raise £15-20m via a placing and offer.
London Capital is to raise £100m via its flotation.
MTM is to raise ?? via a placing of 9.7m shares at 60p.
Newport Holdings is to raise £5.3m via a placing of 5.3m shares at 100p.
NM Smaller Australian Comp. Trust is to raise £33.7m via a placing and intermediaries offer of up to 35m C shares at 100p.
Persons is to raise £9m via a placing.

FINANCE AND THE FAMILY

A woman of account

***Cavendish Financial Management:** 9th in a series on fee-based advisers*

Julie Lord, the managing director of Cardiff-based Cavendish Financial Management, is the only Associate of the Institute of Financial Planning in Wales, but the distinction has not encouraged her to rest on her professional laurels.

She is now working for some tax qualifications and says: "I believe you have to keep studying to keep your brain alive in this business. There are IFAs [independent financial advisers] who are doing the same sort of product-based business they were doing 20 years ago. Their approach is positively Jurassic."

Lord claims that Cavendish is one of the few companies in south Wales that is pioneering the idea of fee-based advice, and she argues that its success shows people will pay for quality advice and service if they can see they are getting value for money. "It is the Marks and Spencer principle," she says. "We consider that we give an extremely good service that is not necessarily unique but is unusual."

Lord founded Cavendish with her husband Andrew in 1991 after six years' experience with a commission-only IFA firm. "I saw things were changing and that the sophisticated clients wanted more than a commission organisation could give them," she says. "I began to think that we could offer something more professional."

While there is now a small branch office in Blackpool, Lord says there is unlikely to be any further expansion. "We have made a policy decision that we don't want to build up another financial services empire based on sand."

She insists that all clients make a will (she retains a local solicitor to help, if necessary) and the firm's terms of business stipulate that clients must inform it if their circumstances change. "We can't possibly give proper advice if clients don't tell us what is going on," she argues.

Most of Cavendish's clients live in south Wales, over the English border in Bristol, or along the M4 corridor. Half are business owners and company directors, and many approach the firm after attending one of its regular investment seminars. "We thought these seemed a very sensible way to attract people who were serious about their financial future," Lord explains. "Our clients all have one thing in common: they recognise the value of structured financial planning to help them achieve their goals."

The seminar audiences invariably include a number of single, divorced and widowed women. Lord thinks women are "notoriously bad at organising their financial affairs," adding: "They prefer to rely on their partners or on large institutions. I try to persuade them they must do their own planning, because no one else will."

In her experience, however, financial incompetence is by no means confined to women. "There is a surprising number of totally naive professional people," she says. "Some accountants are in a terrible mess with their finances and some of our medical clients are hopeless."

"Then there are people who say they want to retire at 55 and they haven't started making pension contributions. It is almost like not being on the right planet."

The four advisers at Cavendish aim to provide comprehensive financial and investment planning for private clients but the services are not confined to the asset-rich. Lord says: "Providing clients have income, they can have absolutely no money whatsoever. We have clients who are literally just starting off, while our wealthiest client probably has something like £2.8m."

Fees are time-based. "We have a time sheet and it is all logged into the computer," says Lord. "The client has a notional account and we debit this with the time we spend on them." Hourly rates range from £20 to £125, and annual retainer fees for financial planning and investment clients are £100 to £500.

Clients choose how to deal with any commission that arises. It can be rebated to them, added to their investment, or offset against fees.

Lord describes most of the investment clients as loss-averse rather than risk-averse; thus, any portfolio recommendations tend to err on the side of caution. But while many clients like a modest flutter, she stresses:

"I will invest their money in riskier things only if I have done it myself. If we feel we have made a mistake, I would rather cut out than expose clients to further loss."

The firm is equally robust in its dealings with financial institutions that fail to deliver a proper service. "Since we started, we have sacked two insurance companies because of their atrocious administration," she says.

Cavendish does not undertake discretionary management. "Clients have to agree to absolutely everything we do," Lord says. "It is far better for them; then, they can keep control of things." Clients are seen at least once a year and the firm likes to meet their accountants and other professional advisers, too.

Lord expects the disclosure of commission and new solvency requirements will do much to change the face of the IFA market. "I can't think of anything more bizarre than an IFA who can't stay in business because of solvency," she adds. "It is quite alarming; the requirement is only £10,000.

"I do think the IFA sector is going to get smaller. Unfortunately, this will give clients less choice. But at least those advisers who are left will be the genuine article – qualified, client-orientated, professional financial planners."

Joanna Slaughter

The Independents

Julie Lord

Name of financial adviser:	Cavendish Financial Management Ltd
Address of head office:	Summit House, Windsor Place, Cardiff CF1 3BX
Date firm was established:	May 1991
Regulator:	FIMBRA
Funds under management:	24.5m
Number of clients:	550, plus 250 execution-only
Number of branch offices:	Two
Minimum investment accepted:	None
Services offered:	Comprehensive financial planning and investment advice
Fees:	£20 to £125 an hour

Now it's a floating gilt

A government bond which pays a floating rate of interest might sound like a contradiction in terms, but the Bank of England is to sell £2.5bn of variable-rate, five-year gilts on Wednesday.

UK government bonds (gilts) are regarded as the best fixed-interest instrument, allowing nervous investors to fix their income. So, how should they regard a gilt paying a variable rate, reviewed every three months, and with a yield which is fiendishly difficult to calculate?

The Bank says the issue is being aimed more at the wholesale markets than private investors and, if the minimum bid is anything to go by, this certainly seems the case; it has been raised from the usual £1,000 to £50,000. Investors can, however, wait until after the auction and buy in much smaller denominations from a broker.

The stock will pay interest gross, which will appeal to non-taxpayers, and will be sold at auction for a discount at a minimum of £99.50 for every £100 of stock. The interest rate will be set at ⅛ per cent below the London Interbank bid rate. For the first period, this works out at an annualised interest rate of 4.98 per cent gross to be paid on June 9.

The most competitive building society rates are paying well above this on £50,000 and above (see Highest Rates table, page X) but the rate is competitive for less than £5,000, although dealing costs will reduce the real return.

There are no plans to make the stock available through the National Savings Stock Register.

James Higgins, of the independent adviser Chamberlain de Broe, says: "For the private investor, the simple answer is that the bond offers nothing that a straightforward deposit – other than absolute security – does not. There is no chance of an appreciable capital movement and the yield is, frankly, not competitive."

Jeremy Alford, investment director at gilts fund manager Whittingdale, has a similar view. He says one concern for private investors will be the liquidity of the stock; the last time the Bank issued a floating-rate bond in 1979, demand was poor. "If you think interest rates will fall further, as we do, you are better off buying a conventional gilt," adds Alford.

Attractive gilts he cites include the 6 per cent Treasury stock of August 1999 with a yield of about 6.6 per cent, and the 7 per cent of 2001 yielding 7.1 per cent.

Meanwhile, another instrument that usually operates only on a fixed rate has made a variable-rate issue – permanent interest-bearing shares (Pibs). These are issued by building societies and normally pay a fixed rate on interest indefinitely, since they are irredeemable.

Last week, Cheshire building society became the first in the UK to issue Pibs with a floating rate, although First National, the Irish building society, launched a similar venture earlier in the month. The yield on the Cheshire Pibs is set at 2.4 percentage points above the six-month London Interbank offer rate, now yielding about 7.6 per cent. Minimum denomination is £1,000.

Simon Mozley, assistant director at Hoare Govett, broker to the issue, says "We have seen huge capital growth in Pibs until February this year but prices have fallen since. A floating-rate Pibs will not vary in price as much as one with a fixed rate, and so it offers greater capital security."

Scheherazade Daneshkhu

FINANCE AND THE FAMILY

Diary of a Private Investor / **Kevin Goldstein-Jackson**

Warrants with a future

Do you have a piece of paper that has, perhaps, been overlooked but which might now be worth a significant sum? Warrants are easy to forget and are misunderstood by a number of people – yet, their value can sometimes be surprising.

My personal pension scheme has had a shareholding in a small investment company, London Finance & Investment, for some time. Last October, the company gave its shareholders one warrant for every five shares held.

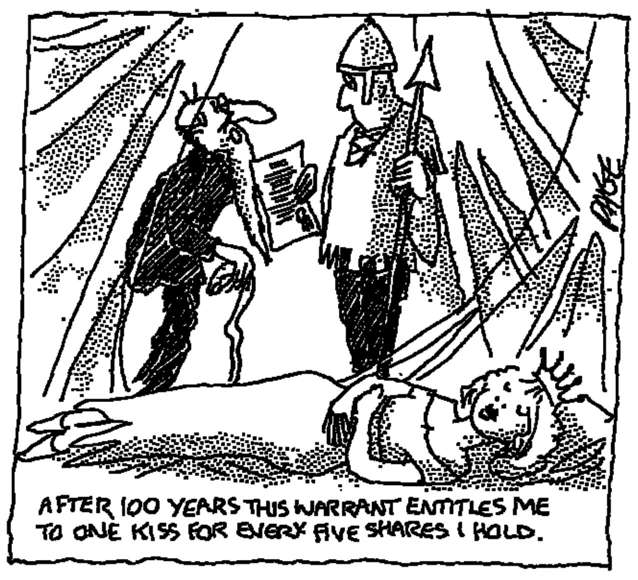
Each gave its holder the right to subscribe in cash for one share in London Finance at 25p apiece within a certain specified period in any of the years 1996 to 2005 inclusive.

As the warrants were free, I simply made a note of their acquisition and did not bother to track their progress. I assumed they would not be worth much until London Finance's share price rose considerably.

Earlier this year, though, I was browsing through the share price pages on the screen of the Market Eye financial information service. I noticed that while London Finance shares were quoted at 29-31p, the warrants were 17-19p.

I was surprised they were worth so much because it meant people were prepared to pay 17-19p just for the right to buy London Finance shares at some time in the future for 25p each.

As I saw it, there were were two obvious explanations. The first was that the warrant-holders hoped public expectations of the company's prospects would enable them eventually to sell the warrants at a profit as their price rose. The second was that they expected the shares to rise to more than 42-44p (the 17-19p warrant price plus 25p a share purchase price) in order to make it attractive financially to exercise their warrant rights and take up the new shares.



Issuing warrants has become increasingly popular, especially by companies using them almost like a future-dated rights issue. They have proved especially popular with investment trust companies; many new trusts include warrants with their share capital when they are launched.

There are now more than 100 quoted trusts which have warrants, although each trust differs in the terms for them. And, with trust warrants, investors can keep track of their progress fairly easily as many are listed on the FT's share price pages immediately under the trust's share price (which was not the case with London Finance).

Although warrants confer the right to buy shares at a fixed price within a set time period, there is no obligation on the holder to do so. Indeed, I suspect a number of people simply consign their warrants to the attic.

They should, however, look again at their terms because they may have a valuable asset. This is because warrants usually can be traded in their own right; thus, an investor can keep his existing shareholding in a company and sell all or some of his warrants.

Trading in warrants also has attracted investors who are interested in the possibilities of making spectacular gains from being able to take an interest in a company's shares for a relatively modest outlay - much less than actually buying them.

Suppose a person bought 1,000 shares when these cost £1. If they rose to £2, his £1,000 investment would be worth £2,000. But if the company's warrants cost only 10p, an investor could acquire 10,000 for the same initial outlay.

Suppose, then, that the warrant exercise price to buy further shares in the company was 130p. When the shares reached £2, the warrant-holder would not have to pay for more shares – he could sell his warrant rights via a broker on the stock market, perhaps to someone prepared to pay 65p a warrant.

The buyer could then either keep the warrants in the hope that the underlying shares would rise still further, or exercise the rights and acquire shares for less than the market price – that is, for 195p instead of £2 because he had paid 65p for the warrants plus 130p to exercise the rights. (It is worth noting that the price spreads between buying and selling warrants often is greater than those between the buying and selling prices of shares).

Meanwhile, the person who sold the warrants to him would have seen his £1,000 investment in 10,000 warrants turn into £6,500 cash.

On the other hand, if the person who bought 1,000 shares for £1 saw them plummet suddenly to, say, 70p, he could still sell them and get £700 of his £1,000 back (less dealing costs). In such circumstances, the warrant-holder might find little interest in them – especially if their expiry date was imminent – and could lose his entire £1,000 warrant investment.

So, if you have been given warrants free, do not ignore them: they could be valuable, either to keep so that you can eventually exercise their rights yourself; or to sell, either now or at some time before they expire.

And if you want a speculative investment, then warrants are certainly worth considering.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Albion	Text	10,000	13	1
API Group	PP&P	18,500	77	1
Bearing Power Intl	Dist	250,000	56	1
Casket	Dist	100,000	54	1
Castings	Eng	5,920	15	1
Ensor Holdings	BM&M	135,000	20	1
Eve Group	BCon	2,618	12	1
Fuller, Smith & Turn	Brew	3,000	14	1 #
Hambro Countrywide	Prop	25,000	18	1
Heywood Williams	BM&M	614,107	2,702	3*
Laporte	Chem	10,532	84	1*
Lonrho	Divi	210,149	322	1*
Meyer International	BM&M	26,036	142	1*
RTZ	Extn	116,709	992	1*
Sainsbury (J)	RetF	75,283	276	2*
SelecTV	Mdia	130,000	44	1
Tinsley Robor	PP&P	60,000	18	1
Unilever	FdM	124,480	1,347	2*
Willis Corroon	Insu	6,945	15	1
PURCHASES				
Barclays	Bnks	4,600	24	1
Brunner Inv Trust	InvT	4,811	12	2
Court Cavendish	Hlth	6,000	14	2
Independent Insur	Insu	8,000	23	1
Lowndes Lambert	Insu	10,000	44	1
MacDonald Martin	SW&C	4,950	22	1 ‡
Parkdean Leisure	L&Hl	20,000	33	1
Persimmon	BCon	43,585	77	1
Quadramatic	Eng	10,000	19	1
Sanderson Bramall M.	Dist	5,000	12	1
Specialeyes	Hlth	500,000	50	1
TI Group	Eng	5,000	20	3
Transatlantic	LifA	19,353	87	1 §
Union	OthF	12,000	21	2

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. #"A" Ordinary; ‡ "A" L/V; § "A" Conv Pref. Information released by the Stock Exchange March 14-18 1994. Source: Directus Ltd, The Inside Track, Edinburgh

Directors' transactions

Directors in **Tinsley Robor** finally have succumbed to the temptation to take some very handsome profits. Three of them have been dripping stock on to the market consistently over the past three months and, overall, they have disposed of 355,000 shares at prices ranging from 20p to 29.5p.

Board members of the small printing and packaging group were heavy buyers of their own stock in September 1992 and six months later, at which time the shares remained near their low point of around 6p. Results for the year to end-March are due in June, but the market clearly is confident that the company will return to the black.

□ **SelecTV** is known best for such television programmes as *Lovejoy* and *Birds of a Feather* but has had a high-profile boardroom dispute which kept the shares under a cloud. Looking at their relative performance over the past year, though, that period clearly is behind the company. Non-executive director Peter Laister has sold 130,000 shares at 33.5p, leaving him with just under 25,000. Brokers expect profits in the year to March 1994 to surpass £1m, producing earnings of about 0.5p.

□ The estate agency business finally is responding to improved conditions in the housing market. **Hambro Countrywide**, one of the market leaders, has enjoyed a strong share price over the past year. Gerald Fitzjohn sold 25,000 at 73p, which still leaves him as the second largest shareholder on the board with more than 400,000.

Vivien MacDonald, The Inside Track

Your CGT

The table shows CGT indexation allowances for assets sold in February. Multiply the original cost of the asset by the figure for the month you bought it. Subtract the result from the proceeds of your sale; the balance is your taxable gain or loss. Say you bought shares for £6,000 in September 1985 and sold them in February 1994 for £13,000. Multiplying the original cost by the September 1985 figure of 1.481 gives a total of £8,886. Subtracting that from £13,000 gives a capital gain of £4,066, which is within the 1993-94 CGT allowance of £5,800. If selling shares bought before April 6 1982, use the March 1982 figure. The RPI in February was 142.1. It has not been possible to use indexation to create, or increase, a loss for shares sold after November 29 1993.

CGT INDEXATION ALLOWANCES: February

Month	1982	1983	1984	1985	1986	1987	1988
January	-	1.720	1.636	1.558	1.476	1.421	1.376
February	-	1.713	1.630	1.546	1.471	1.415	1.370
March	1.789	1.710	1.624	1.531	1.469	1.413	1.365
April	1.753	1.686	1.603	1.499	1.455	1.396	1.343
May	1.741	1.679	1.597	1.493	1.452	1.395	1.338
June	1.736	1.675	1.593	1.489	1.453	1.395	1.333
July	1.736	1.666	1.595	1.492	1.457	1.396	1.332
August	1.735	1.659	1.580	1.488	1.453	1.392	1.317
September	1.736	1.651	1.577	1.489	1.446	1.388	1.311
October	1.728	1.645	1.567	1.487	1.443	1.381	1.298
November	1.719	1.640	1.562	1.481	1.431	1.374	1.292
December	1.722	1.635	1.564	1.480	1.426	1.376	1.286

Month	1989	1990	1991	1992	1993	1994
January	1.280	1.189	1.091	1.048	1.030	1.006
February	1.271	1.182	1.086	1.043	1.024	
March	1.265	1.171	1.081	1.040	1.020	
April	1.243	1.136	1.068	1.024	1.011	
May	1.236	1.126	1.064	1.020	1.007	
June	1.231	1.122	1.060	1.020	1.008	
July	1.230	1.121	1.062	1.024	1.010	
August	1.227	1.109	1.060	1.023	1.006	
September	1.219	1.099	1.056	1.019	1.001	
October	1.209	1.091	1.052	1.016	1.002	
November	1.199	1.093	1.048	1.017	1.004	
December	1.196	1.094	1.047	1.021	1.001	

Source: Inland Revenue

FINANCE AND THE FAMILY

CGT: how to keep those bills within bounds

*In this, the last of four articles on capital gains tax, **Richard Chant** and **Alan Sugden** deal with the rules on gifts and describe various ways in which you can minimise what you have to pay*

When gifts of securities are made, other than between husband and wife, any unrealised gain is treated as a chargeable gain of the donor and is included in the donor's assessment for CGT. In some circumstances, all or part of the gain may be held over until the eventual sale by the recipient. The unrealised gain is calculated using the market value at the time of the gift instead of the net proceeds of disposal.

■ **Market value**
This is the price which the security might reasonably be expected to fetch on a sale in the open market. The market value of a security listed on the London Stock Exchange, including the USM, is the lower of:

□ The bid price of the security plus one-quarter of the spread (the difference between the bid price and the offer price) which is known colloquially as "quarter up."
□ The figure halfway between the highest and the lowest prices of bargains recorded that day in the stock exchange's Daily Official List.

For foreign securities listed on a recognised stock exchange, the basis for calculating the market value is very similar to that for a UK-listed security; the value is converted into sterling at the exchange rate on the date of the gift.

■ **Connected persons**
These include:
□ Your relatives and your husband's or wife's relatives.
□ Your business partners and their relatives, including husbands and wives (except in relation to acquisitions or disposals of partnership assets pursuant to bona fide commercial arrangements).
□ Any company you control.

The CGT rules on gifts and other transfers between connected persons deem disposals and acquisitions between them to have taken place at market value whenever they are made, other than by a bargain at arm's length. Subject to certain exceptions, losses on assets transferred between connected persons can be set against gains on another disposal to the same person only while they are still connected.

■ **Holding over a capital gain**
When certain assets are given away, or transferred at lower than market value, the gain may be held over until the eventual sale of the asset. The assets concerned are gifts of business and heritage property, gifts to discretionary trusts, and gifts to most political parties. The amount of the held-over gain depends on several factors:
□ Where a gift is made, or where the consideration does not exceed the cost, the held-over gain is (with certain exceptions) the gain calculated under normal CGT rules.
□ Where the consideration exceeds the cost, the held-over gain will be reduced by the amount of the excess.

An election for a gain to be held over must be made within six years of the year in which the gift or transfer was made. It has to be made by the donor and recipient jointly – unless the recipient is a trustee, who can make it alone.

MINIMISING YOUR TAX LIABILITY

■ **Bed and breakfast**
This is what happens when you sell all or part of a holding in your portfolio to realise a chargeable gain or to establish an allowable loss, and then buy it back again (because you do not actually want to reduce or dispose of the holding).

Neither the Inland Revenue nor the stock exchange publish any rules or guidelines on B&B, so it has been something of a grey area. But here are some guidelines:
□ A B&B should be two real transactions, exposed to risk.
□ The bargain dates on the contract notes should not be the same.
□ The price of the re-purchase should not be agreed in advance.
□ The deals should be done within normal market hours (that is, you should sell before 4.30 pm and re-purchase after 8.30 am the following day).

Stamp duty of 0.5 per cent must be paid on the re-purchase. We would expect the broker to charge you, say, 0.5 to 1 per cent on the sale (if you are a good client) but none on the re-purchase.

■ **When would a B&B be worth considering?**
□ To make a chargeable gain when you have not used up all your annual exemption (£5,800 in 1993/94). Remember that any unused portion of that exemption cannot be carried forward.
□ To make an allowable loss when your chargeable gains have exceeded your annual exemption.

While bed and breakfasting is a grey area, it can sometimes help to reduce or eliminate your CGT liability. But remember that indexation is not going to be allowed to turn a chargeable gain into an allowable loss, or to increase an allowable loss, on disposals on or after November 30 1993.

■ **Married couples**
Since separate taxation for husband and wife was introduced from the 1990/91 tax year, married couples are taxed independently on their capital gains, and each gets a separate annual exemption.

■ **Transfers between husband and wife**
Such transfers do not lead to an immediate CGT charge – providing they are living together at any time in the tax year. They are treated as living together unless they are:
□ Separated under a court order or separation deed.
□ Living apart in circumstances which make permanent separation likely.

Normally, the partner receiving the asset is treated as having acquired it at the giving partner's original cost plus indexation to the date of the transfer, rather than at market value at the time of transfer.

■ **Taking advantage of separate annual exemptions**
Transferred holdings being assessed at original cost (plus indexation) to the date of transfer can be particularly valuable when, in any tax year, a husband or wife expects to exceed his or her annual CGT exemption and the other partner does not.

Take a husband whose marginal rate of income tax is 40 per cent and wishes to sell 12,000 shares in, say, ICI. He calculates that the capital gain on selling will, after indexation and selling costs, be £11,600. So, if he sells all of them himself, he will have to pay CGT on £11,600 minus the annual exemption of £5,800 – a bill of £2,320.

But suppose that, instead of selling all 12,000 shares himself, he gives half his holding to his wife. Each then sells 6,000 shares, making a chargeable gain of £5,800. This uses up each one's annual exemption. Thus, the transfer of the shares to his wife saves the husband paying that £2,320.

An alternative way to take maximum advantage of separate exemptions is for husband and wife to own a joint portfolio, although this is not as flexible as separate portfolios. Where a married couple own shares jointly, they are assumed to own them 50/50.

■ **Taking advantage of a partner's lower marginal rate of tax**
Where a spouse has little or no income, it can also be of considerable advantage to arrange for that partner to make the bulk of the capital gains.

Say a husband's marginal rate of tax is 40 per cent and his wife has no income. They decide they would like to buy a country cottage for their retirement before property prices start recovering. To raise the money, the husband will have to sell his portfolio of shares in the present tax year, 1993/94. Doing so will produce capital gains of about £40,000.

He decides he can either sell all the shares himself (table 1, case A) or sell enough shares to make £5,800 of capital gains and give the rest of his portfolio to his wife to sell (case B). The tax payable in each case is shown in table 1. In case B, there is £6,000 less tax to pay than in case A – enough, perhaps, to pay for most of the repairs and redecoration the cottage needs.

■ **How to transfer assets between husband and wife**
Write to the companies registrar, explaining that you wish to give your shareholding to your husband or wife. The registrar will send you a stock transfer form (STF), which you complete and return together with your share certificate. He will then issue a new share certificate in your partner's name.

There is no transfer stamp payable if the shares are transferred as a gift. Any sum paid by the transferee is ignored, and the cost to the transferee for CGT purposes is the transferor's original cost plus indexation to the month of the transfer.

■ **Gifts to children**
All UK residents, including children, are entitled to the CGT annual exemption. Capital gains on assets held by a child are assessed on the child. So if, in any tax year, its capital gains are no more than the annual exemption, there will be no tax to pay.

If, for example, the capital gains on a child's assets are £5,800 in the present year and the donor of the assets is a 40 per cent taxpayer who has already used up his or her annual exemption, the CGT saved would be £5,800 x 0.4 = £2,320. (See table 2 for an example of a husband and wife with two children).

While assets may be held outright by the child, normally they are held in the name of the parents (or other donor), as nominee, for the child's benefit.

Any income is assessable on the parents until the child reaches 18 unless (a) the income from assets given by the parents is less than £100 a year or (b) the donor of the asset was not one of the parents.

Accumulation and maintenance trusts may also be used to invest assets on a child's behalf. Once settled, the assets are treated as assets of the trusts, and income and gains may be liable to tax at a rate higher than that of the donors.

The tax advantages of gifts to children can be very useful but there are possible drawbacks. One is that frequent gifts by parents may be regarded by the Revenue as an avoidance of tax by them: the distinction between tax avoidance and tax planning is very fine. Another is that the Revenue could assess a child's tax liability on the person who has control or management of its assets if it is under 18. A third is that the assets held by, or on behalf of, children may become rather more substantial than the donor(s) had expected.

Table 1: Married couple raising the money to buy a cottage

	Case A	Case B Husband	Case B Wife
Capital gain	£40,000	£5,800	£34,200
Less Annual exemption	5,800	5,800	5,800
Taxable gain	34,200	Nil	28,400

Capital Gains Tax payable:
Husband 34,200 @ 40% 13,680
Wife (Personal allowance of £3,445 can't be used to offset against capital gains tax)

2,500 @ 20%	500
21,200 @ 25%	5,300
4,700 @ 40%	1,880
28,400	Wife's total CGT 7,680

Tax saved in Case B = £13,680 - £7,680 = £6,000

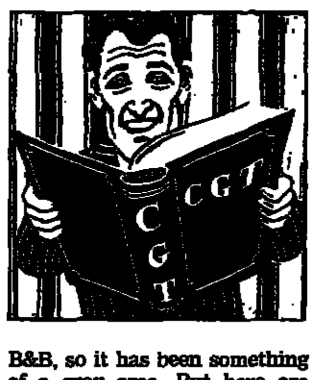


Table 2: Gifts to children

A married couple, both paying a marginal rate of income tax of 40%, have a son and a daughter, both under 18. In 1990 the parents had £50,000 available, which they might have invested in one of three ways:

1. £25,000 in each of their own names, or
2. in their joint names, or
3. in their names as nominee for the children.

In 1993/94 the £50,000 investment was sold for £70,000 net of expenses. By the month of disposal the cost of the investment had risen with indexation to an indexed cost of £56,400. So the capital gain = £70,000 - £56,400 = £13,600. The parents had each used up their annual CGT exemption and had no losses carried forward.
Let us look at the CGT payable, firstly if they had invested the £50,000 in their own names or in their joint names, and secondly if they had invested it in their children's names.

Own or joint names

	Husband	Wife
Capital gain	£6,800	£6,800
CGT at 40%	2,720	2,720

Total tax payable £5,440

Children's names
Assuming each child's own income was less than the annual personal allowance, and remembering that CGT cannot be offset against any unused personal allowance:

	Son	Daughter
Capital gain	£6,800	£6,800
Annual exemption	(5,800)	(5,800)
	1,000	1,000
CGT paid at 20% rate	200	200

Total tax paid = £400. Tax saving compared with parents investing in their own or in joint names = £5,040.
There is also a potential advantage on inheritance tax, providing the donor survives for sufficient years after making the gift to avoid it being aggregated with the donor's estate.

Table 3: More shares of negligible value

Ordinary shares of the following companies have been added to the list in table 1 of the first CGT article:
Abaca (alternative name Zurich group)
Alan Paul
Alan International Hairdressing (Alternative name Alan of Piccadilly (Holdings) Ltd)
Burns Anderson Group
Chancery (alternative name Chancery Securities)
Clarke Foods
Colorgraphic
Harland Simon Group
Lilley
Norton Group (alternative name Minty)
Poliform Concrete
Swanyard Studios

Readers' questions

Many readers have sent questions already on various aspects of CGT – including warrants, investment trusts and unit trusts, which have not been covered in this series. There will be a Postscript to deal with these queries but, as this will not be published until after Easter, there is time for further points to be raised. Please write within the next week and mark your envelope "CGT Series Question."

■ *The authors: Richard Chant is a tax partner in Solomon Hare, a Bristol accountancy firm. Alan Sugden is the co-author of Interpreting Company Reports and Accounts (Woodhead-Faulkner, 4th [Revised] edition, p/b £19.95p.*

FINANCE AND THE FAMILY

The Pru goes it alone

***Debbie Harrison** looks at a giant*

The Prudential, the largest life assurance company in Britain and the biggest provider of personal pensions, this week opted for splendid isolation; it declined to join the Personal Investment Authority, the new regulator protecting private investors. The Pru has £73.5bn in assets under management. It has sold 870,000 personal pensions since 1988; this represents about one-sixth of the entire market.

The company's representatives used to collect premiums in cash from the homes of policy-holders. But the "Man from

INSURANCE for LIFE

the Pru" has become more sophisticated and no contributions are collected in cash now, although the direct sales force of 9,000 still visits clients' homes to do business.

More than 97 per cent of the Pru's personal pension clients invest in the company's unitised with-profits contract, sold through the direct sales force. This product offers good value for risk-averse clients who pay low contributions. The with-profits fund invests in UK and international equities, fixed-interest securities, and property. The value of units held increases by the addition of annual bonuses, plus a final bonus when the contract ends.

The performance of the unitised with-profits personal pension is particularly good on single-premium contracts where the fund is in the top quartile [top 25 per cent] over five and 15 years. On the regular premium with-profits contract, the fund is either just above or just below average for all terms.

The charges on the unitised with-profits contract include a 5 per cent bid/offer spread (initial charge) on all contributions and a policy fee of £3 a month on regular premium contracts, or £20 on each single premium contribution. To recoup sales and marketing costs and to pay commission, the company imposes an extra annual charge of 5 per cent of the value of the units bought during the first year. This is levied for up to 25 years.

Steve Bee, the pensions manager, says: "This is designed as a long-term savings product, but it is flexible if people's circumstances change." If, for example, a client changes jobs and joins a company pension scheme, he is no longer allowed legally to pay contributions to the personal pension. Nevertheless, there would be an early termination penalty under most regular premium plans.

Several providers waive the penalty if the client contributes instead to free-standing additional voluntary contributions (FSAVCs), which are used to top up the company scheme. The Pru offers this option but also allows the client to take a break of up to five years – longer, in some cases – before FSAVC premiums have to start.

Even without this flexibility, the Pru's direct sales with-profits contract charges are low compared with the industry average. The reduction in yield figures, which show the equivalent annual percentage charge over the term of the contract, are among the best available, particularly over 20 and 25 years.

The unit-linked personal pension plan, which is sold through independent advisers, is not so attractive. Charges are higher and performance has been poor over all terms and contracts, apart from the five-year regular premium plan. Bee says: "Taking a long-term view, the investment performance of our unit-linked pension funds has not been as good as we would have liked. However, over the past five years, there has been a marked improvement."

The Pru has been quick to distance itself from the recent survey on personal pensions by accountant KPMG Peat Marwick which suggested that nine out of 10 sales of personal pensions used to transfer benefits out of an occupational scheme did not comply with regulatory requirements. The Pru's transfer business represents about 9 per cent of total personal pension sales, and the company's transfer assessment system checks the adequacy of the transfer value against the level of benefits being given up in a company scheme.

If this is reasonable, the system produces a like-for-like illustration which can be used to compare directly the personal pension benefits with the company scheme benefits being surrendered.

Bee adds: "We always advise against opting out of employers' schemes and we do not recommend transfers to customers ... However, we will accept transfers if customers wish to make them and have no intention of withdrawing from the market."

FACT FILE 8

Name: Prudential
Status: Proprietary
Founded: 1848
Market position: Largest UK life company, biggest provider of personal pensions
Financial strength: Standard & Poor's assessment is "good"
Funds under management: £73.5bn (at 31/12/93)
Premium income 1993: £7.9bn worldwide, £4.1bn UK (broadly life and pensions)
Number of personal pension plan clients: 870,000
Number of transfer plans sold: 80,000
Sales outlets: Over 97 per cent personal pensions sold through direct sales force, under 3 per cent through independent advisers
Commission paid: For advisers, up to industry average, eg approx 60 per cent of value of first years' premiums on long-term regular premium plan; less for salesforce
Nil commission terms available? Only through independent advisers
Expense ratio: (management expenses divided by total premium income) 38.66 per cent in 1992, 21.61 per cent in 1991, (industry average in 1991 was 19.3 per cent)
Reduction in yield*: (equivalent annual percent charge over the life of the contract) Good on direct sales product – 0.7 per cent on 25-year regular premium unitised with profits plan (industry average 1.3 per cent)
Penalties on early retirement or termination: Yes, based on outstanding charges for rest of contract (up to 25 years), levied at 5 per cent of first year's premiums on with-profits plan
Performance*: With-profits plan just below average for regular premium contract over five and 10 years, above average over longer terms and excellent for most single premium investment periods. Managed unit-linked fund just above average over five years but very poor over longer terms.
Source: FT Personal Pensions 1994 handbook, Pensions Management and Money Management

Founder of the Prudential, Henry Harben

Charges: At present life office illustrations of what your investment may produce use a standard basis for charges set by Lautro (the Life Assurance and Unit Trust Regulatory Organisation). To reveal the impact of real charges on the final fund of Prudential's unitised with-profits plan (sold by direct sales), we asked for illustrations using actual charges for a man age 45 who expects to retire at age 65 (ie, a 20-year contract), paying (a) £200 per month and (b) a stand alone single premium of £10,000. Illustrations using Lautro standard charges, which in fact are lower than those used by most life offices, are shown in brackets. The last illustration gives a theoretical value if no charges were deducted.

Full commission paid	6% grth	12% grth
Monthly premium		
£200	£78,380	£152,000
	(£80,900)	(£158,000)
Single premium		
£10,000	£26,800	£81,900
	(£28,200)	(£85,200)

Nil-commission: Not disclosed because not available through direct sales force, the main outlet for personal pensions.

Theoretical no charges		
Monthly premium		
£200	£91,129	£183,971
Single premium		
£10,000	£32,071	£96,463

NEW INVESTMENT TRUST LAUNCHES

Manager (Telephone)	Broker	Sector	Warrants	Targets: Size £m	Targets: Yield %	PEP Qual?	Savings Scheme	Issue Price p	Minimum NAV p	Outside PEP: Minimum Invst. £	Outside PEP: Annual Charge %	Inside PEP: Minimum Invst. £	Inside PEP: Annual Charge %	Offer Period
Govett Global Smaller Companies														
John Govett (071 378 7979)	Cred Lyns Laing		1:5	20-50	n/a	No	Yes	100p	95.2p	1,000	1%	n/a	n/a	Closes 13/04/94
This fund will chase economic conditions likely to promote smaller company outperformance around the world														
Piper European Smaller Companies														
Piper International (071 248 4000)	C'house Tilney	Europe	1:5	20-30	n/a	Yes	No	100p	95p	1,000	1%	n/a	n/a	Closes 6/04/94
Plans to take advantage of expected boom for smaller companies as European economies recover														
Templeton Emerging Markets (C-share Issue)														
Templeton (0800 272728)	Smith New Court	Emerging Mkts	1:5	140	n/a	No	Yes	100p	n/a	1,000	1.25%	n/a	n/a	Closes 14/04/94
A new chance to participate in a highly-successful trust with a very wide geographic spread														
Templeton Latin American Investment Trust														
Templeton (0800 272728)	Cazenove	Emerging Mkts	1:5	50+	n/a	No	Yes	100p	96.5p	2,000	1.25%	n/a	n/a	31/03/94-22/04/94
The third new Latin American fund this year; this one is led by Mark Mobius, the force behind Templeton Emerging Markets														
Undervalued Assets Trust														
Scottish Value Mgt (031 229 1100)	James Capel	UK Growth	no	40-50	n/a	Yes	Yes	100p	96p	2,000	1%	n/a	n/a	6/04/94-20/04/94
Based on detailed research to find UK companies whose worth is underestimated by the market														

NEW UNIT TRUST LAUNCHES

Manager (Telephone)	Sector	Target Yield %	PEP Qual	Savings Schemes Avail.	Charges outside PEP: Initial %	Charges outside PEP: Annual %	Charges outside PEP: Other %	Minimum Invst. £	Charges inside PEP: Initial %	Charges inside PEP: Annual %	Charges inside PEP: Other %	Minimum Invst. £	Special offer: Discount %	Special offer: Period
Global Privatisations Fund														
Fidelity (0800-414161)	Int Equity Growth	1.5-2.0	Yes	Yes	5.25	1.5	No	1,000*	2	1.5	1-3**	1,000*	Fix pr	21/3/94-8/4/94
Another fund on the privatisation band wagon but one of only two global funds. Includes companies benefitting from privatisation														
Extra Income Trust														
Abbey Life (0202 292373)	UK Balanced	7.25	Yes	No	6	1.5	No	3,000	6	1.5	No	3,000	1	21/2/94-29/4/94
A high income fund using derivatives to boost income to 2% above base rates, capped at 13% : do not expect capital growth														
Managed Income Trust														
Abbey Life (0202 292373)	Fund of funds	4.6-4.8	Yes	No	6	1.5	No	3,000	6	1.5	No	3,000	1	21/2/94-29/4/94
Pays income monthly and invests in up to 7 unit trusts. About half the investment is in fixed interest funds.														
Distribution Trust														
Prudential (0800 000000)	UK Balanced	5	Yes	Yes	6	1.5	No	1,000#	6	1.5	No	1,000#	2	14/3/94-31/3/94
Aimed at income seekers who are given a multitude of choices including quarterly payouts of 5% pa or "income" of up to 10% pa.														

*or £50 a month; **Withdrawal charges of 3 per cent in first year, 2 per cent in second year and 1 per cent in third year. #or £25 a month.*

Pre-paying fuel VAT

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

You said last week that utility customers will have a "second chance" before April 1 1995 to avoid paying the full 17.5 per cent VAT rate on household fuel. Could you explain how this works?

■ VAT is applied at the rate prevailing when payment is made. Before April 1 this year, each £100 paid to a utility buys £100 of fuel, regardless of when it is actually used. Between April 1 1994 and March 31 1995, it will take £108 to buy £100 worth of fuel. From April 1 1995, it will take £117.50 to buy £100 of fuel. So, it could be worthwhile to top up your "stock" of pre-paid fuel at the 8 per cent VAT rate just before that date.

Mortgage relief

I was surprised to see in the article "Plan to slash your tax bill" (Weekend, March 12/13), that mortgage interest can get tax relief at a taxpayer's top rate. I thought that relief was restricted to 25 per cent for 1993/94, followed by 20 per cent for 1994/95 and 15 per cent thereafter.

■ You can you still get tax relief at your top rate for interest paid on a loan taken out to purchase a property which you let out at a commercial rent. The property must be actually let for more than 26 weeks in any 52 week period. When the property is not let, it must either be available for letting at a commercial rent or unavailable because of construction or repair work on the property. There is no restriction on the size of the loan. Generally, the interest can be set off against your rental income.

Confidence trick?

The local tax office says that any non-capital withdrawals from Tessas or Peps, although non-taxable, will count as income for age-allowance reduction purposes. If so, this more than negates the value and purpose of these investments for many people over 60. What happens on the maturity of a Tessa, for example? Is this yet another government confidence trick?

■ Anything which does not form part of your "total income" for tax purposes (as defined in section 835(5) of the Income and Corporation Taxes Act 1988, as amended) is ignored for age-allowance clawback purposes. Thus, it is not a case of a government confidence trick – merely of Inland Revenue incompetence.

Personal pensions

The FT would like to hear from readers who think they have been sold inappropriate personal pensions, and from former pensions sales staff prepared to talk about their experiences. Please contact Peter Marsh, FT, 1 Southwark Bridge Rd, London SE1 9HL, tel. 071-873 3436.

Granny bonds stir societies to hit back

Competition from National Savings granny bonds has forced building societies to respond with competitive products. In recent weeks the number of fixed-term, fixed-rate accounts has increased. These are intended to at combat savers' worries of continued base rate cuts and lower interest rates.

Last week, the National & Provincial introduced a five-year term account with 7.3 per cent guaranteed until September 30 1999, paid yearly from £500 with a monthly option of 7.10 per cent. And Northern Rock this week launched a postal bond paying 7.50 per cent monthly from £5,000 until April 1 1999.

Other societies have introduced escalator bonds in response to savers' fears of tying into an investment at the bottom of the interest rate cycle. Although these are still five-year term accounts, the rates are guaranteed to rise annually.

The Halifax introduced its bond last month and the Britannia and Yorkshire were quick to follow. The Halifax responded by increasing its rates. This week has seen the launch of similar bonds from the Newcastle and the Leeds & Holbeck. The latter starts with rates at 6 per cent, rising by 1 per cent a year to 10 per cent from £1,000. All offer a monthly interest option.

Rates on other building society accounts tend to have been tweaked down lately, although often by very small amounts such as 0.1 per cent. But the Progressive dropped a bit more and its Tessa (featured recently in the Savers Selection) is now down to 7 per cent.

Postal accounts still have the edge over branch-based accounts. Britannia has withdrawn its market-leading index-linked account, which was tied to inflation rates.

Christine Bayliss, Moneyfacts

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Teachers BS	Bullion Share	0800 378669	Instant	£500	6.00%	½Yly
Leeds & Holbeck BS	Albion	0532 438292	Postal	£10,000	6.45%	Yly
				£25,000	6.60%	Yly
Norwich & Peterborough	Postmaster	0733 391497	Postal	£60,000	7.00%	Yly
NOTICE A/cs and BONDS						
Greenwich BS	Capital Shares	081 858 8212	30 Day	£10,000	6.60%	Yly
City & Metropolitan BS	Super 60	081 464 0814	60 Day	£10,000	6.80%	Yly
B&W Asset	90 Day	0800 303330	90 Day P	£25,000	7.15%	Yly
Chelsea BS	Base Rate Plus111	0800 272505	1.3.96	£10,000	7.50%C	Yly
MONTHLY INTEREST						
Britannia BS	Capital Trust	0538 391741	Postal	£5,000	5.80%	Mly
B&W Asset	Monthly Income	0800 303330	90 Day P	£10,000	6.64%	Mly
Scarborough BS	Ninety 4	0800 590578	90 Day	£25,000	7.10%A	Mly
Northern Rock	Postal Inc Bond	0500 505000	1.4.99 P	£5,000	7.50%F	Mly
TESSAs (Tax Free)						
Hinckley & Rugby BS		0455 251234	5 Year	£3,000	7.60%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	7.30%	Yly
TSB		local branch	5 Year	£250	7.25%	Yly
Cheshire BS		0800 243278	5 Year	£3,000	7.25%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	4.75%	Yly
UDT	Capital Plus	081 447 2438	Instant	£1,000	4.75%	Qly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	6.00%	Yly
				£25,000	6.25%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	International	0481 715735	Instant	£500	5.75%	Yly
Portman CI Ltd	Fixd Int Bond	0481 822747	1 Yr Bd	£500	6.00%F	OM
Confederation Bank (J'rsy)	Flexible Inv	0534 608060	60 Day	£10,000	6.30%	½Yly
Derbyshire (IOM) Ltd	90 Day	0624 663432	90 Day	£50,000	7.30%	Yly
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	4.30%	Yly
NatWest Life FN		0272 404090	2 Year	£5,000	4.95%	Yly
NatWest Life FN		0272 404090	3 Year	£5,000	5.50%	Yly
NatWest Life FN		0272 404090	4 Year	£5,000	5.95%	Yly
NatWest Life FN		0272 404090	5 Year	£5,000	6.25%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	5.25%	Yly
	Income Bonds		3 Month	£2,000	6.50%	Mly
	Capital Bonds H		5 Year	£100	7.25%F	OM
	First Option Bond		12 Month	£1,000	6.00%F	Yly
	Pensioners GIB		5 Year	£500	7.00%F	Mly
NAT SAVINGS CERTIFICATES (Tax Free)						
	41st Issue		5 Year	£100	5.40%F	OM
	7th Index Linked		5 Year	£100	3.00%F +Infln	OM
	Childrens Bond F		5 Year	£25	7.35%F	OM

This table covers major banks and building societies only. All rates (except Guaranteed Income Bonds) are shown Gross. F = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. P= By Post only. A = 7 days loss of interest on all withdrawals. C = Rate guaranteed to be 2.25 per cent above base rate until 1.9.94 (min 7.50 per cent) and then 1 per cent above until maturity.
Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

MINDING YOUR OWN BUSINESS

You say tomato: John Drew with the crop that put his business back into profit

Ashley Ashwood

Hi-tech tomatoes come to the rescue

Clive Fewins on a business that is enjoying its own green shoots of recovery

In the last days of the second world war 15-year-old John Drew drove a team of shire horses on the fertile slopes above the village of Little Witley near Worcester.

Today the same land produces some of the most hi-tech tomatoes in the country – but the tomatoes never actually see soil.

They are grown in glasshouses in liquid using a system called hydroponics, and computers control the watering.

In the past 50 years, Drew has grown a variety of vegetables, salad crops and flowers on the now redundant soil beneath his glasshouses.

But two years ago the outlook turned bleak: a net profit of £702 on a turnover of £336,000 meant something had to change. What changed was the crop: Drew decided to produce only cherry tomatoes and things started to look up.

"Last year was the first time for 10 years that our bank account actually entered the black – for a short period," said Drew. It soon entered the red again when Drew, 65, and his partners – wife Mavis and son Paul, 36 – installed a £53,000 half-acre glasshouse and a £5,000 watering plant to expand their output for one of their three customers, J. Sainsbury, the supermarket chain. Safeways and William Low, the northern supermarket, are the others.

The crop is picked and packaged by a staff that varies from seven at this time of the year, when the tomatoes are just ripening, to 16 in the summer.

The business – still known by its original name of Haven Nurseries – is barely recognisable from the one that produced fruit, vegetable and salad crops on two acres at the bottom of the hill in the early 1950s.

"In those days we worked extremely hard taking produce to the Birmingham market at 5am, three days a week," said Drew. "But life was straightforward then. If you worked hard, and produced good crops, you made a good profit. As a plain country bloke who left school at 15 it seemed simple to me. How things have changed."

John and Mavis built glasshouses and increased the number of crops they grew. The business expanded naturally from profits.

"It seems amazing nowadays but we managed without borrowing until 1974," he continued. In that year, they borrowed £2,800 to buy the four acres on the hillside site where their house and main glasshouses now stand.

"We then used our newly-acquired overdraft to add our biggest glasshouse yet. The price was £3,900. All seemed well, so we kept on putting in glass and growing mainly lettuce and tomatoes. In 1975, when we added another big glasshouse, things were still rosy, and we were sometimes able to get up to 50 per cent of the glasshouse cost back using government grants.

"It was when these grants ended, plus the crucial decision to put in heat, which immediately added to our overdraft by £30,000, that things began to get tight. However, we still managed to add another half acre of glass.

"But it was the end of the 1970s and interest rates had begun to rocket. We were caught repaying borrowed money at rates of up to 17 per cent. To try and counter this we added chrysanthemums to our list of crops and decided to grow them in a big way. We planted up to 20,000 cuttings a week. We saw chrysanthemums as our salvation as they gave us an alternative crop 48 weeks of the year. There was healthy demand and a good good wholesale market. We increased our staff and took on five full-timers, which added to the overdraft."

By 1980 the Drews had 3¼ acres under glass and half an acre under a polythene tunnel, but things remained far from healthy.

"The Dutch were benefiting from much cheaper fuel, which gave them a big price advantage, and we found increasingly that imports from Spain, the Canary islands, Israel and even Colombia were hitting prices," Drew said. "Other flower producers – particularly those growing roses and carnations – were going out of business."

The Drews first grew a few cherry tomatoes in 1985. John had heard about other growers' successes, and also of the plant's profitability. However, a poor 1986 season plus a mounting overdraft stopped his plans to expand. He was able to stabilise his cash flow when he changed from oil to coal and negotiated fixed price contracts with British Coal.

Drew went on: "By 1990 Chrysanthemum prices on the wholesale market were lower than 10 years previously."

The decision to switch entirely to cherry tomatoes was made in 1991. They already devoted 1½ acres to cherry tomatoes and they were showing a profit. But the overdraft was up to £120,000 and the bank was not happy.

"The only way was forward," said Drew. "We had been here all our lives, and nobody would have wanted to buy the business at that time as so many others were in the same boat.

"However, we urgently needed another £30,000 to replace a glasshouse and to computerise all our cherry tomato production processes.

"We got the money. Fortunately we had a few savings, and our main suppliers agreed to extend their period of credit from 30 to 60 days. We honoured the new agreements but the upshot was that once all the new equipment was in place we had to re-establish ourselves as customers. In future we knew we had to pay up front, which meant another massive cash flow crisis."

The Drews put their case to the Agricultural Mortgage Corporation which agreed to advance £35,000 over 10 years at a fixed rate of 8.5 per cent.

"We are now back to our agreed £90,000 bank overdraft, and profit at the end of 1993 was £75,000 on a turnover of £508,000," said Drew. "I don't think it is marvellous as it merely reflects the higher value crop. But it is a great improvement on the last few years and I am pleased we had the confidence to invest in the new half-acre glasshouse."

■ *Haven Nurseries, Bank Road, Little Witley, Worcs. WR6 6LS. 0886-888674.*

Yes, I was a Cybervirgin

Continued from Page I

Another said: "Internet is a drug. You can pour your heart out to people you'll never meet ... it's like a practice zone for real-life."

The Net has tremendous practical uses. Teachers in remote areas can compare lesson plans and academics can swap research findings. Diane Williams, of the Technology In Education project at Harvard Graduate School, says: "Through Internet I have been able to discuss ideas with colleagues in Milan, Tasmania and London and get existing models which I can then adapt." She believes Internet will soon offer virtual classrooms for rural or homebound students. Businessmen find it invaluable for comparing conditions in China, exploring investment partners, swapping tips on office management and even marketing products.

Describing Internet as the "world's largest adhocracy", Oliver Strimpel, executive director of the Computer Museum, says: "We are seeing a fundamental change in the nature and control of information." Ironically, for something so anarchic, its origins lie in military thinking. It was developed as a communications network for the Pentagon able to withstand nuclear attack. It has no central command and messages are chopped into small packets of data, routed by the network then reassembled at their destination.

If any part of the system is wiped out the message simply takes another route. During the attempted putsch against Gorbachev in 1991 its Russian counterpart Glasnet kept feeding information to the west and proved impossible for the coup's perpetrators to block.

While this lack of any central hierarchy – there is no 'Internet Inc' – is in some sense its glory, it also means there is no one to take responsibility for abuses or the proliferation of pornography. This month a Boston man was charged with abducting a young boy he is alleged to have lured through Internet.

There is another concern. Cables which bring information into the home can also take it out. Marc Rotenberg, of Washington-based Computer Professionals for Social Responsibility, says: "While Internet is a great opportunity we are worried about the potential loss of privacy and the Orwellian spectre that government could monitor all communication." His organisation is fighting US government proposals which would enable federal agencies to wiretap the information infrastructure without needing court orders.

As the precursor of the interactive world of the much-heralded Information Superhighway, it is not clear what the final shape of Internet will be. As federal funding is phased out it will probably be privatised. But, with the price of hardware tumbling and governments expected to force cable companies to provide cheap access, the most lucrative profits are likely to accrue to those feeding in material. A plethora of on-line services are springing up involving publishers such as Rupert Murdoch, stores such as Sears Roebuck, which see great potential for advertising their products, and telecommunication giants and computer companies such as IBM and Apple. Many newspapers are going on-line too – the San Jose Mercury, USA Today and the Washington Post.

One warning before you go electronic globetrotting – it is highly addictive. An advisable first reading is an E M Forster story *The Machine Stops*, which paints a chilling picture of a world without human interaction, all communications taking place through screens ...

ACCESS TO INTERNET

Access to Internet through on-line services is becoming increasingly competitive in north America and Europe. Prices vary depending on the amount of usage and services offered. Some charge per hour on-line – others give unlimited time. For an individual wanting basic services for about 20 hours per month, expect to pay about £15 per month. Software is provided free but signing on does require a modem which costs about £100. Compuserve, one of the largest services, offers a one-month free trial.

Comments to: lamb@husc8.harvard.edu

Skiing/**Arnie Wilson**

Head for the hills in a helicopter

Affordable flights offer fresh views of the dramatic Dolomites

High in the mighty Dolomites, Danilo aimed the helicopter at a yawning cavity in the rockface of Sassolungo, the 10,433ft peak which towers above Val Gardena. Below us was a narrow, fearsome-looking snow-filled gulley, known to locals as the Jaws of Death.

At any moment I expected Danilo to climb steeply but instead he kept going, squeezing the helicopter through the gap. Before we had caught our breath we were swooping low over another snow-filled eyrie – and another couloir where only intrepid skiers dare to tread.

We continued to weave our way through the impossibly sheer giant walls and pinnacles of the rest of the Gruppo Sella range, swooping up the steep gully we were ourselves about to ski: the Val di Mesdi.

The unusual shape of the Dolomites – gigantic, often vertical slabs of granite – produces a dramatic contrast in the ski terrain. The off-piste chutes and gullies are challenging, some seriously so.

They are also pretty inaccessible. If, like the majority of skiers you ski *round* the Dolomites, rather than down them, the pistes are, by and large, fairly gentle. In good weather, the Sella Ronda tour, a day-long circuit from resort to resort of 20 miles or so, depending on your route, is a delight.

Little mountain villages and towns such as Colfosco, Corvara, Canazei, and Arabba drift past you all day as you ski from button lift to chair and gondola to cable car (there are more than 200 lifts to choose from), pausing at one of scores of mountain restaurants and huts for lunch or refreshment.

What makes the tour so enjoyable are the ever-changing mountain vistas. The towering massifs create an almost prehistoric arena. Yet skiers on this whistle-stop tour between the Sella, Pordoi, Campolongo and Gardena passes probably give little thought to what might lurk above them in the craggy heights.

Those who like their runs a little tougher hike up on skins to finds out. Now you can do it the easy way: hitch a ride on a helicopter.

The Val di Mesdi run is certainly not as challenging as the Jaws of Death but still daunting for the average recreational skier.

It starts at 9,280ft on the rim of a craggy inverted archway near the summit of Sas Pordoi, another of the towering peaks in the Gruppo Sella, which dominate the Selva skyline.

Technically the run is no more serious than Verbier's Mont Fort or the Swiss Wall at Avoriaz.

What makes it challenging psychologically is its comparative narrowness and the colossal impact of the sheer walls of dolomite which enclose you in their mighty embrace.

Fear grabs in the few seconds before you take the plunge, and then you are lost in the exhilaration, wonder and sweet shock of the descent. One turn at a time you thread your way down, a tiny speck of humanity in an impossibly huge landscape.

The scenery was so overwhelming that at one stage. Amin, our Bladon Lines minder, lay on the snow and gazed trance-like into the sky. From where I was perched hundreds of feet above I thought he had fallen.

"Are you OK?" I yelled. My words came back at me in a giant echo, punctuated by the sounds of small stones falling from the battlements somewhere in the heavens above us.

When we finally reached Colfosco, we had descended well over 4,000 vertical feet for a mere L90,000 (£35) each.

Heliskiing – at least a single drop – need no longer be expensive.

Previously, if you wanted to try this hitherto elitist sport, you had to sign up for a week, or at the very least a day, of flights. In Italy's Dolomites, more and more small outfits are offering single drops at realistic prices.

An inexpensive helicopter ride means that skiers whose only concern used to be whether to ski the Sella Ronda in a clockwise or an anti-clockwise direction can now get a breathtaking new perspective on the mountains they know so well from below.

They do not have to ski the Jaws of Death or even the Val di Mesdi – or even ski at all. They can just stay in the helicopter and gaze down at the circuit from the air.

A single helicopter lift can have all the joy of a single glass of champagne: while the rest of the bottle would be wonderful, the first glass is the one that really hits the spot.

■ *Arnie Wilson's visit to Selva was organised by Bladon Lines, 56/58 Putney High Street, London SW15 1SF. Tel: 081-785 3131*

A prehistoric arena: gigantic slabs of granite forming the Dolomites above Canazei — Skishoot

FT Round the World Ski Expedition

Arnie Wilson and Lucy Dicker are trying to ski every day of 1994 on a round-the-world expedition. Arnie writes:

■ Although Lucy prefers Margaritas and soul to glühwein and yodelling, Austria feels like home after 2½ months in the US.

Apart from some wintry weather in Söll and Westendorf, where we skied in a couple of blizzards, the skiing has been blissfully warm and the scenery superb. The hills and mountains of the Tyrol are alive with the sounds and smells of spring.

Skiing in low resorts such as Kolsass, Weer and Igls is all but over, but the snow is still good in Obergurgl, Mayrhofen and Axamer Lizum.

And in Alpbach we enjoyed a near-perfect day.

This is Germany calling . . .

Judy Dempsey on how former rival radio stations are struggling to work together in unified Germany

Once they were the big guns in the front line of the cold war, hurling salvoes of propaganda into the airwaves across the east-west divide.

Now, 4½ years after the fall of the Berlin wall, broadcasters from the two big radio stations, which fought for the hearts and minds of Germans across the divided city, are supposed to be on the same side.

But the old antagonism dies hard, and their recent struggles show some of the difficulties of integrating the former East and West Germanys.

During the cold war, Berlin was at the centre of the battle of the airwaves between the two great powers. The US established Radio Free Europe and Radio Liberty, with headquarters in in Munich, Bavaria, to beam news, current affairs and music across the Iron Curtain. The Soviet Union retaliated with dozens of propaganda language services.

After years of heated debate about the future of these relics of the cold war, a national radio station has been created in Cologne, the first in Germany since the second world war. It began broadcasting on new year's day.

But even if the new Deutschland Radio, is national, it certainly has not achieved unity among the broadcasting staff of formerly warring stations.

Deutschland Radio was intended to combine three radio stations with extremely different histories: Rias (Radio in the American Sector), based in west Berlin; DS Kultur, set up in east Berlin after the dismantling of the Wall; and Deutschlandfunk, set up by the Bonn government in Cologne during the years of a divided Germany.

In cold-war Berlin there were two radio stations: Rias in the west, and Stimme der DDR, Voice of the German Democratic Republic. They broadcasted every minute of the day from opposite sides of the Wall.

Stimme der DDR tried to monopolise the airwaves throughout eastern Germany, while across Berlin the US-backed Rias station kept alive the hopes of reunification with powerful transmitters, among west and east Berliners.

But the night in November 1989, when at last the Wall came down, was not just a glorious victory for the ideology of Rias, it also removed the main reason for the station's existence.

Siegfried Buschschlüter, director of programmes at Rias since 1988, said his station was deluged with letters from listeners in eastern Germany, able at last to communicate without fear of interception by the Stasi, the East German secret police.

A few miles away the same event brought a bewildering sense of disorientation for staff in the East German station. Stimme der DDR was losing its voice.

"The events were overwhelming. What could we do?" said Monika Künzl, who for five years had worked at Stimme's radio drama department. She said that between November and mid-1990, Stimme's headquarters underwent its own revolution: the long, wide corridors echoed to the sound of people rushing "to create a new, democratic radio station for the people of eastern Germany".

Scores of producers, technicians and staff left, aware that their Stasi past would catch up with them. Those who remained broke up the old broadcasting structure and set up four new stations. Only one survived: Deutschlandsender Kultur, or DS Kultur.

"It was a time of traumatic change, but also a time of genuine democracy for us when we formally set up DS Kultur in June 1990," explained Künzl, who was elected by the staff as the station's first director.

"We had to adapt to so much. Finding money. Coping with a new system. Getting the right to broadcast. Understanding new laws, and above all, addressing the impact of unification on our lives. We wanted DS Kultur to be the new voice for the eastern Germans, to reflect this sense of incredible change."

The station, with its staff of 169, organised the network in such a way that its audience of 60,000 – mostly east Berliners – would have classical music 24 hours a day interspersed with documentaries and discussions focusing on the problems thrown up by unification.

But its days were numbered. Buschschlüter said: "There was little chance that DS Kultur would survive as a separate station because of the Staatsvertrag, or state treaty, which said the former east German radio stations and televisions would have to be dissolved.

"However, the prime ministers from all 16 states decided to set up a new radio station which would replace Rias and DS Kultur. After all, both stations had lost their *raison d'être*," he said.

Deutschlandfunk and Rias, on the other hand, had much in common. They shared the same aim of keeping alive the possibility of unification of the Germanys; both stations were financed by the state – with Rias receiving some support from the US; but each had a different audience. Rias homed in on Berlin and other parts of eastern Germany; Deutschlandfunk captured parts of western and southern eastern Germany.

And so, on new year's day, Deutschland Radio, an amalgam of Rias, DS Kultur and Deutschlandfunk, began broadcasting with a DM300m (£117m) annual budget financed through a public licence fee of 75 pfennigs (35p) a month.

But already programme makers in Cologne's Deutschlandfunk are unhappy. They say they can work with Rias, but not with the DS Kultur programme, which they accuse of elitism. The Cologne station has also refused to use Deutschland Radio as its new signature title and has declined to take staff from Berlin to ease the integration of westerners and easterners and to promote a genuine national broadcasting service.

Dettmar Cramer, programme director of Deutschlandfunk, says the Berliners do not want to move: "It's that typical attitude of the Berliners, complaining that Cologne is too far. Only three of the DS Kultur people have joined us."

Buschschlüter hits back by saying: "Cologne has not opened it doors to Rias or to the people from DS Kultur. Cologne has made no compromises. They act as if nothing has changed since unification.

"It reflects the attitude from Bonn/Cologne about moving the government to Berlin. These people do not want any change. It wants to preserve the status quo ante-1989."

The listeners are disorientated too: in the mornings, they hear Rias's old programme – news and current affairs, along with easy-listening music – and in the early afternoon, DS Kultur, a classical station, takes over.

Despite the bickering, which barely conceals the tensions of unification, Buschschlüter and Künzl recognise that the real issue is listeners. "We have to integrate the two Berlin stations and hold on to our listeners," said Buschschlüter. "We have to make this new station work on a truly national basis," he added.

"Here is a chance to make something new, and truly united with easterners and westerners pulling together to make this national network succeed," said Künzl.

"It means we will all have to integrate, even though the easterners might feel they have lost their voice in the process."

Despatches/**Will Dawkins**

Tokyo village is fun city

A look at Tokyo's ever-changing skyline proves that this city has a finely developed sense of the eccentric.

Apart from being the size of a small house, it looked like a white-mantled sumo wrestler, round haunches hunkered down on the pavement. It was a gigantic snowman with neon lights flashing around its head as children tumbled over its ample lap. A fine mist slid from the shoulders, for the air was not only humid but unbearably hot.

For this was no Alpine midwinter festival but a late summer street party in central Tokyo to celebrate *o-bon*, when the Japanese are supposed to worship their ancestors – and have a good knees-up at the same time. The snowman had spent the past few months preserved, doubtless at huge cost, in an underground freezer in the mountains.

That morning, it had made the journey to Tokyo in the back of a van to advertise the ski resort where it had been made the previous winter.

A few hours later, it had melted, the only trace a muddy puddle reflecting glimmers of neon.

What does this tell you about Tokyo? It told me, a new arrival after four years in Paris, that certain French politicians have got it all wrong about the Japanese – or, at least, about the Tokyo-ites.

On first meeting, the people of Tokyo do not resemble an army of worker ants, as one former French prime minister maintained. On the contrary, this is a capital that knows how to have fun, even in the middle of recession.

A look at Tokyo's ever-changing skyline, only slightly more enduring than summer snowmen, proves that this city has a finely developed sense of the eccentric.

Here, for example, are some landmarks on the drive from my flat into central Tokyo: a mock Tuscan palace (which does double duty as a wine bar and coffee centre; a two storey advertisement hoarding of a silhouetted face with electric flashing eyes; and a galleon stranded on top of an office block. If I continue to the flesh-coloured, condom-shaped building that advertises a brand of rubber, then I have gone too far. Quite a change from the Champs Elysées.

This is no ant heap; far from it. In fact, Tokyo is not even a city. It is more like an agglomeration of thousands of small villages, bound together loosely by expressways. In between these, there is a hopeless maze of tiny, one-way lanes. It makes for pleasant residential living – so long as you can find the way to your flat.

Some critics claim that the road system is a hidden trade barrier to keep foreigners at bay. The problem with that theory is that many of the road signs are in English (not much help), and even Tokyo taxi drivers find it seriously difficult to get around.

My own guess is that the road system is an industrial policy in favour of telecommunication companies. Visitors are routinely sent faxes showing the route. Rich Tokyo-ites take a mobile telephone in the car, head in the general direction of their meeting and ring for directions once in the area. The telecom companies must make a fortune.

Whatever the explanation, why change? Tokyo-ites appear to like their village life – and with reason, because Tokyo's village qualities make it what must be one of the least threatening cities in the world. The local newspapers carry little few stories about traditional big city problems such as Aids, drugs and violent crime.

I am told this is because they hardly exist in Tokyo, despite the fraud and corruption surrounding national politics. In fact, some people are worried that the new government's clampdown on corruption could break up the cosy friendship between the *yakuza* gangster clans and the police, so tempting the *yakuza* to turn to drug peddling.

For now, though, the *yakuza* stay off the front pages. Instead, an endearing debate on waste disposal has been a big running story lately.

It began with a fumbled attempt by the city council to force people to put out rubbish in personally-named transparent plastic bags. The aim was to ensure that residents bagged burnable and non-burnable rubbish separately, a laudable but little-obeyed rule.

This provoked an outcry on two fronts. Residents did not want to be identified individually with their empty take-away *tempura* boxes, while bag-makers complained that they could not switch production from black to transparent sacks in time.

The city council climbed down and gave residents three months before they had to buy new sacks, showing that consensus, that vital ingredient of village life, is still alive in modern Tokyo.

Of course, Tokyo has a fair sprinkling of its own brand of urban vices. An example is a distressing recent development in the Japanese fondness for vending machines (from which most necessities and some non-necessities, ranging from compact discs to fresh flowers, can be obtained). Used female underwear, sold at Y3,000 (£19) apiece, is the latest marketing trick devised by a vending machine owner in Shibuya, apparently with great initial success.

That is, until the local authority clamped down after complaints from residents. Nothing in Japanese laws on public morality outlaws such trade. But that did not deter the local council. It turned, successfully, to a law which outlaws the sale of used goods without a permit.

The vending machine scandal tells you another useful truth about Tokyo and, perhaps, Japan. The often criticised Japanese way of tackling problems from oblique angles can be effective. It could even be an ingredient in Japan's success.

هكذا من الاصل

As They Say in Europe / **James Morgan**

'Traditions' that mean nothing

A writer in the *Spectator* magazine the other day told of what happened when he entertained Enoch Powell, the former Conservative cabinet minister, at a meeting of a local Tory party association. (Readers outside Britain should know that Powell used to be a Tory but fell out with them and went on to represent the Ulster Unionists in parliament. He is renowned for his penetrating intellect.)

To quote the article: "Each time Mr Powell made a remark critical of the government, he was applauded incontinently. When a man stood up to announce he would be standing as an anti-federalist, against a Tory candidate, in June's Euro-elections, the ovation from his fellow Conservatives verged on the hysterical. There are pockets of Toryism flourishing and vibrant in Britain today. Sadly for Mr Major [the Prime Minister], they are unrelated to the government."

The writer added: "Given the attitude of those who run the party now, I had better not say which Conservative association played host." This is understandable: faced with the prospect of a confrontation with that Himmler of the Tory party, chairman Sir Norman Fowler, the most vibrant right-wing blood runs cold.

Fortunately, I have uncovered details of the meeting. It was held just outside Ewell, Surrey, in the function room of Ye Olde Cocke House Inne, which stands between the Wok-on-By Chinese restaurant and a kitchenware shop called Hôte Cuisine. There was a delicious meal (breaded scampi on a bed of lettuce "garnished with all the trimming's").

The debate on the European Union was followed by a heated discussion led by Powell on another subject dear to his heart: the menace of coloured immigration. It included his famous exposé of how Shakespeare's works had been written by a group of Elizabethan courtiers.

I have spent much time burrowing through Europe's newspapers to see if lesser nations can produce anything to match this very English occasion. But their acceptance of the integration of Europe, and the suffocation of their own traditions, remains remarkable, partly because they do not believe that is what is occurring.

Instead, they share a belief in a need for an authority to make rules to create that "level playing field" so beloved of British politicians and which can make a single market work. That those employed in that *authority are sometimes* incompetent, corrupt, arrogant and stupid in no way distinguishes them from officials in the various national capitals.

There is also a belief that the process of enlargement makes the system harder to operate, and a conclusion that the present British attempt to lower the proportion of votes needed for a veto is meant to ensure no decisions are taken at all. But, even then, there is not that moral outrage which characterises the British debate.

There is certainly no equivalent of the Eurosceptic fury over the destruction wrought on a thousand years of constitutional perfection. *Perhaps it is because these nations* enjoy no such tradition. No chaps in tights opening their parliaments. No national leaders giving clear answers during the remorseless probing of prime minister's question time. There is no hysterical concern with the sexual incontinence of gentlemen in leading positions, either.

Britain, the land that was once known for its phlegm and sang-froid is now in the grip of inexplicable obsessions. And those UK newspapers which make most of the trifling peccadillos of public figures are also those in which Europhobia is most pronounced.

I must thank Fernando Vallespin, *a writer in El Pais* of Madrid, for explaining why. He was struck by the difference in attitudes towards sexual misdeeds in Britain and the US, on the one hand, and Brazil and Austria, on the other. (The president of the former behaved in an unseemly manner during the carnival in Rio; the activities of Austria's president were documented here last month.)

There is, says Vallespin, "a connection which almost always exists between repressive societies and liberal states". Economic liberalism, he argues, is connected with capitalism in such a way that it pre-supposes the promotion of self-interest.

As a result, a liberal state has to impose artificial rules to replace the glue that exists in traditional systems. There rules are broken easily without society falling to bits. Britain is no more a traditional society than Ye Olde Cocke House is a traditional inn. Its rules bind private and public morality in a seamless, brittle whole.

So it is, I deduce, that European integration generates moral explosions in Britain: European integration is penetration by Europe. As Vallespin noted: "One must not forget that Adam Smith was as much a moral philosopher as an economist."

■ *James Morgan is economics correspondent of the BBC World Service.*

The changing face of The Lady, gentlewoman of the world of women's magazines. It intends to give its readers no cause to frown

That's no way to treat a Lady – or is it?

Alerted by the rattle of teacups in the home counties, ***Rachel Johnson*** *hears about changes to a very English institution*

It is a story to which only Barbara Pym, or perhaps Joanna Trollope, could do full justice. No Aga saga, it concerns *The Lady*, that gentlewoman of the racy world of female magazines, and the fluster that is attending her belated arrival into the 20th century.

While other women's magazines compete ever more vigorously to reveal the secrets of sexual attractiveness or style and acoutrements of the modern woman, *The Lady's* imagined reader sits, needlepoint forgotten on her lap, dog at her feet, curtains drawn tightly against the mild home counties night. Gripped by the latest instalment of *The Rector's Wife*, she barely feels tired after a hectic day. Church flower rota, Help the Aged lunch and the health club have all lent a glow to cheeks already weatherbeaten by daily gardening.

At first glance, *The Lady* has barely changed direction since the 19th century.

"*The Lady* will be essentially English, and the subjects will be treated from an English point of view," the first issue declared in 1885. Its aim, "to provide information without dulness (sic), and entertainment without vulgarity; and to be at once useful and necessary without ceasing to be bright and lively."

But appearances can be deceptive. Although the magazine is English and genteel as ever – its mix of household tips, recipes, fashion, gardening and acres of classified nanny-to-cottage advertisements remain intact – changes are afoot.

The first edition of *The Lady* was launched in 1885 by Thomas Gibson Bowles, the proprietor and editor of Vanity Fair. His elder daughter, Sydney, became Lady Redesdale and mother of the Mitford sisters, and her governess became editor for 30 years.

The magazine remains in the hands of the Bowles family, and there have been only eight editors in its history. Since 1891, when Bowles sold its unlikely stablemate *Vanity Fair*, *The Lady* has occupied the same corner offices at 39 and 40 Bedford Street, London. Decked out in a livery of mahogany panelling and eau-de-nil paint trim, the building sticks out like a Merchant Ivory film set among the diners and hamburger joints of Covent Garden.

But when the wind is blowing a certain way, the 20th century intrudes and *The Lady's* fragrant flower-filled offices reek of fat from the kitchens of neighbouring Fat-Boy's Diner.

The wind is blowing that way today. Three years ago a new editor arrived, Arline Usden, from the racy world of *Woman* magazine, where she was beauty editor, and *Successful Slimming*, where she was editor. Joan Grahame, the seventh editor, was due for retirement after being in the job since 1971 but died during the crossover fortnight that followed Usden's appointment.

"It didn't have a layout. It didn't have an art department. It didn't have an editorial structure. It had girls, not necessarily trained, throwing things on pages," said Usden, throwing a nervous glance towards her open office door.

Her bosses are Ron Bulloch, the white-haired general manager of 20 years – an average stint on *The Lady*, where the head of the classified ads has been in the same job for 30 years – and his assistant, David Richards.

In a cautious interview, at which a secretary takes notes, Bulloch makes one thing clear: the changes Usden has introduced will be quite sufficient for the time being.

She appointed an arts editor, staff writers, a home economist, introduced spots of colour in food and fashion spreads, and changed the covers. Although *The Lady* is still the only magazine on the rack to feature a vase of daffodils on its front, the covers are brighter and better photographed than they used to be.

She made the pagination more suitable for a weekly than an annual. The magazine used to start in Roman numerals, for the classified ads, until the contents page, when it would lurch to page 353 (if it was August). Current editions start at page one and proceed from there until the inside cover at around page 80: always the reader special offer – from Wellington boots to a three-tier steamer.

'We don't do things on sex and women's insides. Our readers aren't interested in how many orgasms you've had this week'

Her innovations include more features and a "Favourite Things" column at the back, for celebrities with granny-appeal, such as Nigel Havers, to reveal their fondness for roast chicken and gardening.

All very innocuous, one might think. But Usden wants to go further. The magazine opens, and always has, with more than 20 pages of small advertisements. Usden wants to banish the classified adverts to the back, institute a proper contents on page 3, and introduce full colour. But the old guard wants the advertisements to remain to the fore and wants to keep *The Lady's* editorial content as traditional as possible, and ensure that Polson's cornflour, Sunlight Soap and Cash's nametapes advertise in 1995 as they did in 1885.

"We are very schizophrenic. Our readers divide into those who buy it for the ads and who don't read the magazine and those who buy it for the magazine but don't read the ads," says Usden

For it is undoubtedly to *The Lady* that those seeking nannies, housekeepers, companions – and even housemen and butlers – turn. According to a Reading University survey, more than a third of high-earning families in some areas employed either a cleaner or a nanny.

Usden does not undervalue the advertisements; but she wants to make *The Lady* competitive with other magazines in appearance and content. "We are the only magazine without full colour," she sighs.

So it will be *The Lady* readers who decide. The doughty gentlewomen of the home counties, who subscribe and write Letters, the magazine's most famous feature.

Amanda Dukes has been editing these gems – around 100 of them a week – for several years. A typical spread will kick off with a letter asking for a recipe for lamb stew (to which a Meat Marketing Board recipe will be offered); and continue with household tips (how to remove candlewax from velvet curtains) and "where can I gets".

"Where can I get directoire knickers – an item of long acetate underwear – is reasonably common," says Amanda Dukes. Every letter is answered, the gardening ones by Classic FM's Clay Jones.

And these readers, one darkly suspects, are the type that value continuity, however dull, above stylishness. As one wrote to Arline Usden in February, "your magazine is clean and wholesome ... an oasis of good taste in an ocean of tat. Thank you."

Jan Waddell, the special offers editor, thinks *The Lady's* old-fashioned formula serves its readership exactly what they want.

"We don't have a female bias like most other magazines. We have gardening, travel, wine, finance. We don't do things on sex and women's insides. Our readers aren't interested in how many orgasms you've had this week."

For readers who prefer *Middlemarch* to the *Camomile Lawn*, the genteely impoverished do-gooders, there can be no contest. *The Lady* has changed enough, and even Arline Usden knows it. She will move gently, if at all, from here, so that *The Lady* will give its readers no cause to tut-tut fiercely over their Rich Tea and morning coffee.

Motoring/**Stuart Marshall**

When only shire horses will do

An on/off-road, four-wheel drive turned into an executive express sounds improbable. But no more so, I suppose, than the transformation of a redundant barn, oast house or stable block into a desirable residence – and south-east England is now dotted with them.

If you fancy using such a vehicle as a business car, go for a Range Rover converted by a small company called Overfinch. One I used for a wintry week recently was by far the best Range Rover I have driven.

The Overfinch version had been given an engine transplant. Out went the 4.2-litre Rover V8; in went a General Motors' 5.7-litre V8. These days it is politically (for which read environmentally) incorrect to say so – but, if you are after truly relaxed high performance, there is no substitute for litres.

The GM V8 delivers 284 horsepower and 344lb/ft of torque, a measure of pulling power at a given engine speed. For sheer brawn, it makes the largest-engined standard Range Rover, the 4,278cc LSE (200hp and 250lb/ft of torque), feel almost a weakling.

At 80mph (128kph) and 3,000rpm, the cabin was quiet enough for enjoyable Classic FM listening. On non-motorway journeys, overtaking was instant and, therefore, safe.

'With a bull-like bellow, the two-ton machine hurtled forward, all-wheel drive keeping the Avon Turbospeed tyres gripping on wet surfaces'

A prod with the right toe slipped the automatic transmission into third. With a bull-like bellow, the two-ton machine hurtled forward, all-wheel drive keeping the Avon Turbospeed tyres gripping on wet surfaces.

Handling and ride comfort stood comparison with that of a normal executive saloon. But, realistically, no tweaks (however clever) can make two heavy beam axles behave like fully independent suspension.

So, although it did not wallow on corners, the Overfinch Range Rover's lofty body leaned a bit if a roundabout was taken quickly. Potholes did not pass unnoticed, either. As I sat straight-backed on fragrant Connolly hide, enjoying a horseman's view of the countryside, I felt as though I were driving a very short wheelbase Bentley Turbo R or a high-off-the-ground Aston Martin V8.

High speed, road-pattern tyres, and reduced ground clearance and axle articulation make an Overfinch Range Rover unsuitable for rough and muddy terrain – where few of its kind venture, anyway. It would, though, do nicely for getting out of slithery car parks at race meetings.

A full conversion – engine transplant, modified running gear and steering, Recaro sports seats and some nicely understated cosmetic changes – costs a little over £18,000. A brand-new Overfinch Range Rover Vogue SE will leave little change out of £55,000, which is barely more than half the price of the cheapest Bentley and less than a third of an Aston Martin Virage shooting brake.

Overfinch, however, will do the same work on the cheaper Land Rover Discovery, mechanically the Range Rover's twin brother. Nor need you start with a new host vehicle. One up to six years old can be tackled if in generally good fettle.

I have said often that I could not see much point in using a beefy on/off-road 4x4 exclusively on tarmac, and the logic still escapes me. But the choice of road-going, four-wheel driven automatic estate cars with really high performance is tiny.

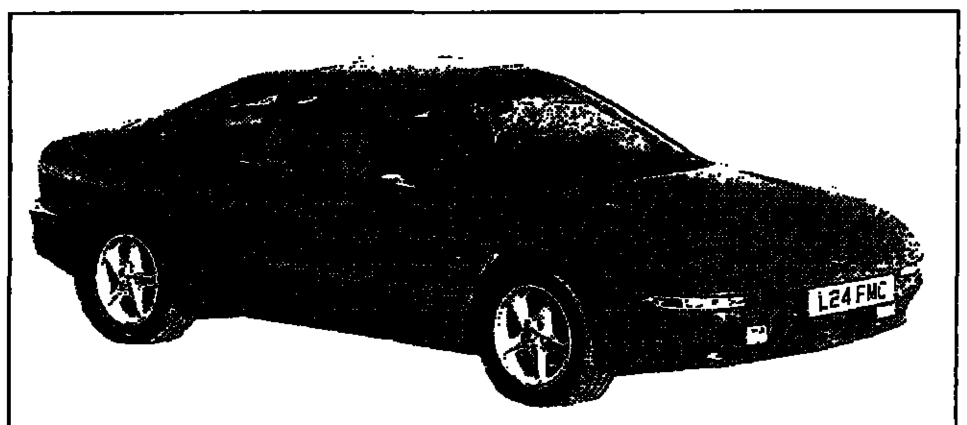
There is an Audi 100 2.8E quattro and BMW 525i X Touring at list prices of £28,655 and £31,330 respectively, or a less prestigious but worthy Subaru Legacy 2.2 GX 4WD at a mere £18,399. But when nothing less than four-wheel drive, two pedals, shire horse muscle and a high seating position will do, it has to be the Overfinch.

If you can countenance a fuel consumption of 15-17mpg (18.8-16.6 l/100km) of super unleaded, call Overfinch on 0420-542 877. Not a word, please, to Friends of the Earth, but I promise you will find a 120mph (193kmh), 0-60mph (0-96kmh) in well under eight seconds Overfinch Range Rover one of today's really great drives.

A possible large-engined alternative, with smooth automatic transmission and unimpaired off-roadability, is the Chrysler Jeep Grand Cherokee. Its 5.2-litre V8 produces 212hp and 285 lbs/ft torque (more than a standard 4.2-litre Range Rover, less than the Overfinch with the GM engine).

Now on sale in Britain at £27,995, it is a bargain. The price includes air-conditioning, anti-lock brakes, leather seats and power operation for almost everything. The snag is that, at present, it comes only in left-hand drive.

Another possibility is Mitsubishi's latest Shogun 3.5-litre V6 (£35,889), which is in the same prestige, performance and price class as an off-the-peg Range Rover Vogue SE (£36,130).



Ford raises the coupé stakes

At £19,350, the Ford Probe 24v, 2.5-litre V6 raises the sports coupé stakes. This elegant, Mazda-inspired and US-made three-door went on sale this week at prices undercutting those of most rivals. A 16v, two-litre version is cheaper still at £15,995.

The Probe, Ford's first sports coupé since the Capri, has gone too far up-market to be called a Capri replacement. The 24v I drove last week was a swift although silky performer: quiet on the motorway, flexible in traffic, eagerly responsive when required. Young (or just young in heart) business motorists used to driving mainly on their own would find one a nice change after several Granadas or Scorpios.

New lease of life for Waddesdon

Lord Rothschild invites the public to a permanent party, reports ***Robin Simon***

Waddesdon Manor, a bizarre fantasy of French château architecture in the midst of the Buckinghamshire countryside, was the stately pleasure dome of Baron Ferdinand de Rothschild. Commissioned in 1874 from the architect Hippolyte Destailleurs, it took 15 years to complete.

The situation, atop a pointed hill, was unpromising but the peak was sliced off and a huge artificial platform was erected to accommodate the house. A temporary railway was installed to bring the building materials from the nearest station at Quainton, four miles away, and was carried across viaducts in the the garden known as "Tay Bridge". An entire "model" farm and dairy was also created. When the estate was completed, it appeared as if it had been there for centuries. The instant effect of permanence was achieved by the wholesale importation of thousands of already-mature trees and the bedding-out of plants in tens of thousands.

After a century, Waddesdon was in need of a face-lift, but what started out as a standard restoration by the National Trust, which owns the house and gardens, swiftly turned into the greatest revitalisation of a country-house estate in modern times. Six years ago, when he inherited neighbouring Eythrope and the family interest in Waddesdon, which includes land and buildings on the estate, Lord Jacob Rothschild decided to direct his considerable energy and taste – and money – into transforming both house and grounds. The ground floor and wine cellars can be seen from next Thursday when they open to the public.

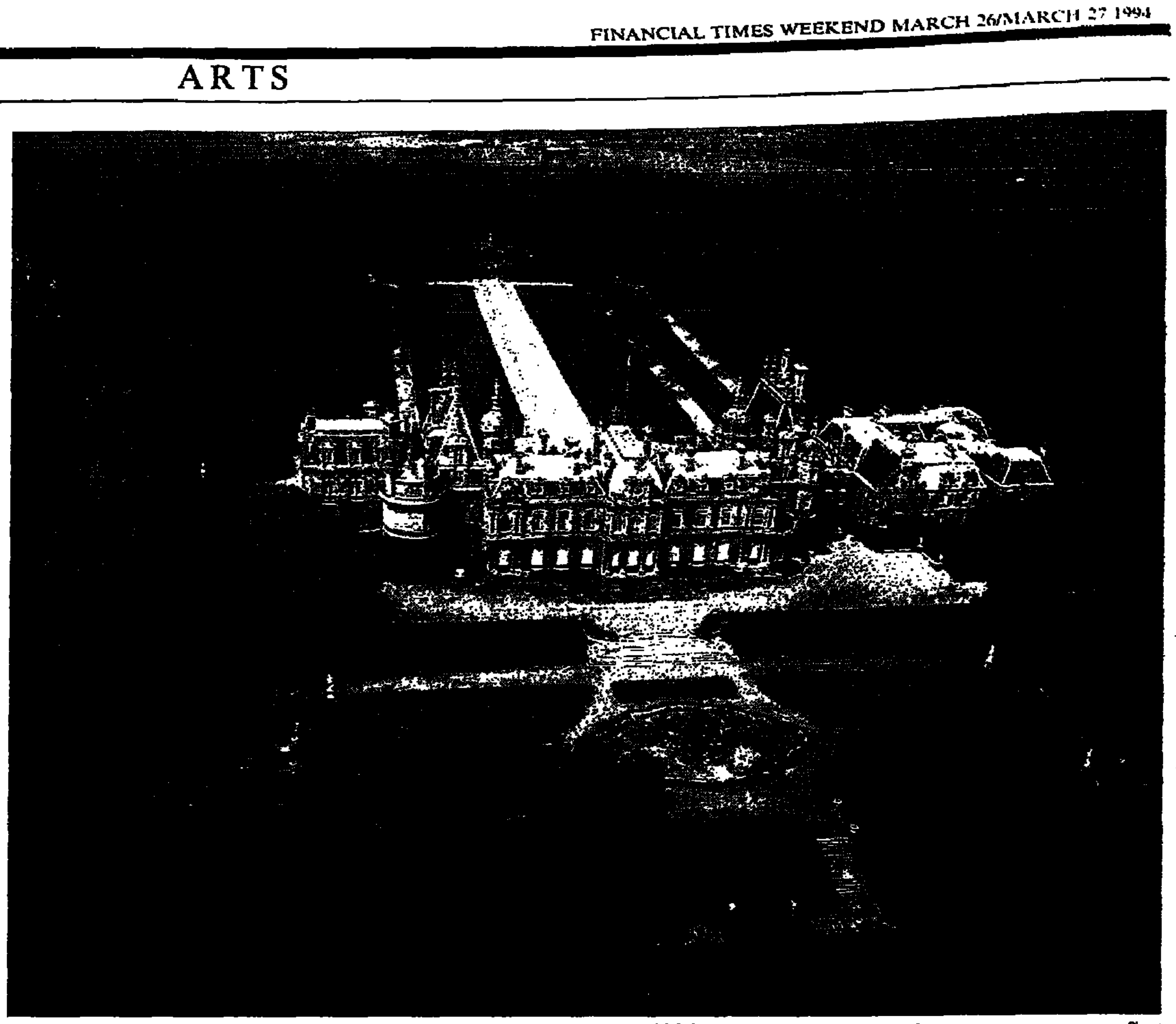
The first floor, which opens next year, is being returned to two grand rooms, fitted out with 18th-century French panelling found in the Waddesdon stables and originally bought by Baron Ferdinand in Paris. The panels have been restored and fitted by French craftsmen brought in from Angers and Bordeaux, while the whole operation has been under the architectural direction of Peter Inskip, assisted by Alain Gruber, the expert on French decorative arts.

Three new rooms have been formed to display the sensational Waddesdon collection of Sevres porcelain. That collection now includes the remarkable 1766 Starhemberg service which has never been seen in public before. Lord Rothschild is attempting to complete it by seeking out examples of the biscuit figures that would originally have formed the centrepiece of the service.

A separate exhibition space will be devoted to displays about the Rothschild family, featuring a specially commissioned painting of the family tree by Jean-Marc Winkler. This work traces the rise of the family from its origins in the ghetto of Frankfurt to the construction of 60 great houses across Europe by the five branches of the family in the 19th century. Miriam Rothschild, adviser to Prince Charles on his wild-flower meadow at Highgrove, author of the seven-volume definitive catalogue of fleas, and writer of over 300 scientific papers, calls the family "the original EC". She adds, with characteristic pungency, that all the gigantic Rothschild houses had one thing in common: "Not a single member of my family had any taste whatsoever".

So much for the famed "goût Rothschild", which was, after all, a taste that defied taste. And, let's be frank, Waddesdon is anything but a model of good taste. It is packed with sensational treasures, furniture, tapestries, pictures and panelling, purchased promiscuously throughout Europe, with a special predeliction for anything French, the more elaborately carved and gilded the better.

But Miriam Rothschild concedes that her nephew, Jacob, is an exception so far as the family's lack of taste is concerned and under his influence Waddesdon is assuming a more coherent shape. When the ground floor, which contains most of the pictures and furniture, opens next week there will be some surprises. For the first time visitors will see one of the largest masterpieces of French 18th-century furniture, an "armoire" by Bernard van Risamburgh, perhaps the most inspired of all cabinet-makers.



An aerial view of Waddesdon, a monument to the Rothschild mania for building and collecting, part of which is being opened to the public next week — Sigma

Waddesdon was always something of a display-case on a huge scale, but the house is now being brought back to life. The decision has been made to provide an impression of readiness for a house party in Baron Ferdinand's time, by reference to photographs in Baron Ferdinand's "Red Book" for 1897. Mercifully, for those who distrust the "faction" approach to the presentation of historic interiors, the additions necessary to achieve this effect were few: the laying of a dining table; the recreation of some floral centrepieces.

Lord Rothschild has put the vast wine cellars back to use, adding facilities for tastings and entertainment, and featuring the Rothschild family's great wines. In a similar initiative, Baron Ferdinand's original dairy at the foot of the hill has been transformed under Julian Bannerman into estate offices, a conference and entertainment centre, the exteriors scrupulously restored.

Waddesdon's perilous similarity to seaside hotel architecture had not been helped by a diminished garden next to the house which had an uncomfortable air of a clock-golf circuit. With a scholarship from the Royal Botanical Gardens at Kew, Lord Rothschild's daughter Beth has supervised the recreation of the extraordinary "ribbon planting" that produced massive raised flowerbeds. These will be in keeping with the overweening facade which survives as the outstanding monument to the Rothschild mania for building and collecting: a crazily romantic fiction of a French château of a type that never was.

■ *Robin Simon is Editor of Apollo Magazine. The April issue of Apollo is dedicated to Waddesdon Manor.*

Portia put into a new perspective

Alastair Macaulay on 'The Merchant of Venice' and 'King Lear'

I had thought that the definitive staging of Act V of *The Merchant of Venice* – the tricky garden scene in which lovers' problems are resolved and no one even mentions Shylock – was achieved by Peter Hall in his 1989 staging.

But I watched Act V of the current West Yorkshire Playhouse *Merchant* with even more emotion and astonishment. Jude Kelly's staging keeps taking you by surprise, pushing hard against preconceptions, sending you back to re-examine the text. In this Act V, Shylock is by no means forgotten. This garden scene – the play is set circa 1920 – starts to come close to the garden of the Finzi-Continis, a temporary idyll which will soon be invaded. For Portia, remember, has married a man who, like his friends, is blatantly anti-Semitic. She has learnt to practise the quality of mercy of which she spoke, as has Lorenzo. It is, however, by no means certain that their new enlightenment will prevail over Bassanio, Antonio, Salerio and Solanio. But racial prejudice is only one theme in this play, which has undercurrents this staging hoists into the light. Above all, it re-tells the tale of Portia.

Portia, in a brilliantly intelligent and complex performance, is Nichola McAuliffe. Her first words are "By my troth, Nerissa, my little body is aweary of this great world," and for once she really means it. So worldweary is she, so tired and angry at the fetters placed upon her by the conditions of her father's will, that she is swigging wine and firing an unloaded gun into her own mouth when first we see her. This is Portia as Dorothy Parker. She can still be Portia the great lady and Portia the dangerous wit – even Portia the huntress – but she achieves that poise only on the brink of despair. And she learns that her father is not the only man whose wishes will confront hers.

She is far more smitten with Bassanio than he with her. But love makes makes her quick to realise how bound up he is with Antonio. Antonio, Bassanio et al. inhabit a closety, men-only milieu in Venice; and the fact that she is dressing up as a man acquires immense irony. In the trial scene she hears Bassanio tell Antonio "Life itself, my wife, and all the world Are not with me esteem'd above thy life". And, even after trumping Shylock with her superior command of the law, she *still* urges him "Prepare thee to cut off the flesh", not without a spasm of malice against Antonio. To Shylock she is not vindictive, merely precise; and the more she observes him, the more reluctant she is to use the law against him.

The nastiest shock occurs at the end of this same scene. Antonio and her husband, treating her as "one of us", rush upon her with instant talk of love – as if to initiate her into their gay mafia. And so, when Bassanio finally gives up the ring he had from his wife as a present to this wonderboy lawyer, she is aghast – and teeters right back into full despair. Sure enough, when Antonio meets her (not suspecting her recent drag act) on her home ground in Belmont as his friend's wife, he is now chilly and perfunctory. And, when she confronts Bassanio, she does so with real rage and heartbreak at his perfidy ("Even so void is your false heart of truth").

Though I have known this play for over 25 years, I followed all of this, and much else in this production, as if I never knew what would happen next. Several of the Venetian scenes occur in, or just outside, the Jewish ghetto. Not only Venice's Jews but also its black slaves (to whom Shylock refers at some length in the court scene) attend on several scenes. Shylock (Gary Wildhorn) is eloquent, as both oppressed and oppressor.

Bassanio (Richard Lintern) is sexually ambivalent – he exercises his charm on both Antonio and Portia in quite disturbingly similar ways – and Antonio (Michael Cashman, a daringly unsympathetic reading) is a buttoned-up misogynist smoothie who snivels in terror of Shylock's knife. But the excellence of this staging lies not in individuals but in ensemble. No one delivers a single speech as if it were (mere) poetry; everything has its point. And no one addresses their lines out into the audience; everything is focused within the stage world.

Another company tackling Shakespeare for the second time has received rather more national attention, mainly because it is all-black. This is the Talawa Theatre Company, directed by Yvonne Brewster; but in its new *King Lear* it comes off considerably worse than in its 1991 *Antony and Cleopatra*. Lear and poor Tom do a little rap routine; a white plastic sheet lowers itself in stages on the proceedings; the play begins with, and returns to, amplified heavy breathing. Edmund, Edgar, and Gloucester seem to come from three utterly different backgrounds; and relaxed verse-speaking, despite some individually excellent feats of phrasing, is still a general problem.

The 39-year-old Ben Thomas (replacing Norman Beaton) is a most likeable actor, and so accomplished that he is the first Lear I have heard to bring off "Never never never never never" as iambic rather than trochaic (Edmund Wilson and Vladimir Nabokov corresponded with some intensity on this matter). He is too energetic and too sane to be King Lear, but he has great dignity, and is often revealing. He can fuse poetry and meaning wonderfully; the imagery of "birds i' the cage" and "gilded butterflies", playing off each other in the same speech, acquired unusual beauty and poignancy. I hope he returns to the role, in a production more worthy of his mettles; and I hope he plays other, younger, Shakespearian roles soon.

The Merchant of Venice is in repertory at the West Yorkshire Playhouse, Leeds, until April 23; *King Lear* is at the Cochrane Theatre, WC1, until April 16.

Middle-class mockery

They're back. After five years of sulking in their sequins Dillie Keane has reformed Fascinating Aida, and sophisticated cabaret returns to our lives. The gap has been filled, almost manfully, by Kit and the Widow, and, with the boys also currently in town, London is remarkably soignée at the moment.

Sweet FA are reassuringly the same, with songs about the plight of the single girl constantly searching for the elusive network of single men, and on the waywardness of the modern world. And yet they are re-assuringly different. The maverick Keane, with her face like a crumpled wedding cake, and long time partner Adèle Anderson, with the voice that reaches down almost to the testosterone level, have been joined by Issy van Randwyck, the Dutch treat.

It is a brave addition, for Issy is a skilled cabaret artist, with the voice of a brazen angel and an impish smile. There is an awful lot of temperament on stage now but on first sighting this is going to be the best sung, and probably the most adventurous, FA yet.

Dillie Keane has written around a dozen new songs which stay safely within the FA tradition. When three such independent women tear to pieces vociferous minorities in "Politically Correct" you know the movement is doomed; "Kiss and Tell" is equally scathing about cheque book adultery. But more welcome in the first half was a trio of serious songs, notably a tingling "Haunted" by Issy, which could become the popular hit that has always eluded Keane.

After the interval Fascinating Aida attempt slapstick, with the Trio Berserka from the East European state of Legovia. It is broad, funny, and almost poignant as the women, with Dillie a drunken granny, sell their culture for the Yankee dollar.

It takes some time to get back into the mainstream, but after Keane has got her personal life sorted out (sort of) with "Back with You" and her political dreams dusted down with "Socialist Britain", FA can perform their anthem for the forlorn female, "Sew on a Sequin", with the necessary brio.

Throw in the encores, the (dodgy) costume changes, a set that would have charmed Liberace, the backchat, and the essential shade of desperation behind the bold fronts, and you have Fascinating Aida vigorously back on top. This is middle-class mockery at its most arch but if you like this sort of thing you will love it.

Antony Thorncroft

Not Weill done

In the long list of Kurt Weill works demanding revival, the anti-war satire *Johnny Johnson* stands near the top. As his first completely American music-theatre piece it occupies a special place in his output; for its heartfelt conviction it deserves a sympathetic staging. Alas, Thursday's eagerly-anticipated production by Trinity College of Music's company A Moveable Feast fell far short of the mark.

The naive directness of *Johnny Johnson*, premiered on Broadway in 1936, makes it a child of its time. Weill had settled in New York the year before as a refugee from Nazi Germany, and yet he found it in him to espouse the pacifist message – the soldier Johnny tries to halt the first world war by dosing its generals with laughing gas – of his librettist Paul Green.

This performance at the Rudolf Steiner Theatre was billed as the "British premiere", perhaps because previous airings in London have been less than complete. There were cuts here too, though they were not to blame for the evening's lack of impact. Nothing of the score's pungency came across under the American conductor Rhonda Kess. She seemed content to beat time listlessly, and the 12-piece band responded with caution: all the numbers had a sameness about them.

Kess was also credited with the stage direction, though there was little to be seen. Her production relied on slapstick humour and hammy accents rather than mad-comic intensity. Pamela Glynn's minimal designs included flags, and maps of Flanders and France in the shape of headstones. At least Dawn Kellogg's costumes were effective.

The student performers deserved better guidance than they got. Johnny (Sean Sweeney) was miscast – he may have little to sing, but the poignant "Johnny's Song" needs a strong voice. Lianne-Marie Skriniar was touching as Johnny's sweetheart Minnie-Belle, and David Watters turned in an effective cameo as the Cowboy in the trenches.

Johnny Johnson still awaits a serious revival. Oddly, this production was funded by the Weill Foundation.

John Allison

Conceptual wit well realised

It all depends on how you look at Markus Raetz's work, says ***William Packer***

Markus Raetz is a Swiss artist, now in his 50s, who has exhibited widely abroad except in Britain. He is a conceptualist, which is to say that the informing conceit or idea is what gives his work its imaginative force. Content before form, as it were: except that without the form, the concept must hang unresolved in the artist's mind. "Oh, I see", we always say, as we take the point.

It is a matter of emphasis, balance, discretion. The conceptual may be in essence a literary form, with the idea conceived first, and only then demonstrated or expressed. But, as with all art, even literary art, it is still the way it is done that counts. And even literary art should change and grow, and turn in unforeseen directions in the process of the *doing*.

The great strength of Raetz as an artist lies in the lightness and delicacy of his conceptual wit, and the complementary lightness of his touch in the physical resolution and presentation of his ideas. He is unprescriptive, undidactic, unpolemical, which is in refreshing contrast to the usual tedious run of right-minded practice within the genre. He spells nothing out, leaving the work to spring its gentle surprises on us, in our own good time. We *approach his things quizzically*, intrigued, and often do not *see* at all until we turn to go away.

His central theme is that of metamorphosis, of material and image alike transformed, to be taken now in this way, now that. "Ceci" in the mirror becomes "Cela". He draws with twigs, not in the sense of using them as tools for making marks, but as the drawn line itself, with each set of twigs combined in the depiction of the particular image.

First we see and read a line upon the wall: then we recognise it in its physical aspect as a twig, an object in real space, albeit in low relief. Only then does the image register. As often as not, it is the simple naked female torso, as it might be Daphne in the grove, and her breasts and thighs picked out by the gentlest curve and fork of half-a-dozen bits of wood.

In one particular relief-tableau, Raetz takes the principle of fragmented resolution to a characteristic extreme. Scattered neatly along the wall, so it seems, is but an arbitrary collection of twigs, and no less arbitrarily curved and bent and forked. We look up at it puzzled, and at the blue oval painted alongside, at the plain glass in front of it and the mirror high in the angle of the wall. Only as we move away to one side do we see, out of the corner of the eye, that that same torso now shows itself in the mirror, as its linear elements fly together in the oblique perspective. So, caught again, back we go in front of it for another look: and as the image falls apart again, so finally we catch its ghost reflection in the blue oval and its matching glass.

Not everything is on the wall, nor done by mirrors, and often to walk around the object is enough. So it is that a still-life sculpture of a large bottle and small glass suddenly turns itself into, well, a large glass and a small bottle. A man in a hat turns into a rabbit – or the other way about. Mickey Mouse comes and goes. A white pipe puffs out blue smoke, turns upside down and back again, and now puffs white smoke out of blue. It all depends on how you look at it.

The charm of such work, and the natural interest and entertainment it affords, is undeniable. Its profundity as art is more questionable. For beyond the conceptual wit and its delicate ingenuity of expression, what more does it offer than the hoary old truism – things are not always what they seem? *In the very easiness of* its attraction lies its limitation, which holds true of all conceptualism since old Duchamp stuck his urinal on the wall and called it Art. Raetz asks us to look at his tricks, at his sleight of eye and mind, at his *delicatesse*, which is all very well and honestly done, but at last, where there is even only tacit explanation, there is no ambiguity. The difference is between the mere conjuror and the magician Raetz still might be – were he only to stand away a little from the mechanics, however lightly stated, and give them room to work their own magic. "Ah", we say as, amused, we turn away, "now I see how he does it."

Markus Raetz: Serpentine Gallery, Kensington Gardens W2, until April 24, then on to Geneva; sponsored by the Fondation Nestle pour l'Art, with support from the Swiss Association of Private Collectors, Banque Bruxelles Lambert (Suisse), the Swiss Cultural Fund, and Fountains, Lancaster Terrace.

'Nonsmoke', 1990 by Markus Raetz

Jacques Toubon: his chief challenge is to define a new direction for French arts policy in the 1990s after the gauche glamour of the 'Grands Projets'

A hard act to follow

It is almost exactly a year since Jacques Toubon took over from Jack Lang as French arts minister. ***Alice Rawsthorn*** *reports on his progress*

On paper, he has *one of the best* jobs around. There is the office, one of the prettiest in Paris, set in the 18th century splendour of the Palais Royal. There is the avalanche of A-list invitations. And then there is the arts budget, one of the largest in Europe, with lots of charming Gallic artists to help to spend it.

Yet when Jacques Toubon was appointed French arts minister after the conservatives' victory in last spring's *elections, the problems of his* new portfolio almost outweighed its attractions. The French recession was deepening. Edouard Balladur, the new premier, had told his ministers to trim their budgets and the arts, under past right-wing governments, had been a prime target for cuts.

To make matters worse the new minister had a very hard act to follow. Jack Lang, his predecessor, was one of the most popular and powerful members of the socialist cabinet who, in nearly a decade at the arts ministry, had doubled its budget and spent it in spectacular style on the *Grands Projets*, his modern architectural monuments. His successor faced the unenviable task of trying to erase the Lang legacy and stamp his own personality over the arts scene at a time when expenditure was under attack.

It is now almost exactly a year since Jacques Toubon moved into Jack Lang's old office. The new minister spent his first few months battling to save his budget from cuts: *only to plunge headlong into* the Gatt controversy as *chef-de-combat* of the Gallic assault against US "cultural imperialism". He is now dodging the jokes over his lobby to protect the French language from the encroaching anglicisms of *franglais* that has earned him a new nickname from France's satirists – Mr Allgood.

"It's certainly been an eventful year," he says. "We won the battle for the budget. It hasn't been cut and I'm very pleased about that. I'd count the Gatt campaign as another success. As for *la loi Toubon*, it is too soon to say. But when I hear them making those jokes about me on the radio at least I know that people are thinking about the issues."

The Gatt affray and the *franglais* affair have been interpreted rather differently outside France, where they confirmed the worst suspicions of the French as cultural chauvinists. But such slights have been overshadowed in France itself by the new minister's success at defending the arts budget, now frozen at FFr13.45bn for 1994.

Toubon's achievement on the *financial* front is *all* the more laudable given his precarious position in the cabinet. Jack Lang had considerable clout among the socialists, as deputy prime minister and a confidant of President François Mitterrand. Jacques Toubon risked relegation to a secondary role in the Balladur administration *as an ally of Jacques Chirac*, the Paris mayor and head of the RPR party who is Balladur's arch-rival for the right-wing candidacy in next year's presidential elections.

Whereas Balladur, who comes from a privileged background, represents the paternalistic strand of French conservatism, Jacques Toubon is a self-made man in the Chirac mould. He was born in Nice, the son of a casino croupier who worked his way up to become a manager. After swotting his way through the French education system, the young Toubon reached the Ecole Nationale de l'Administration, the breeding ground for France's political elite.

Despite their differences Toubon has forged a rapport with Balladur. He has also won over the sceptics in the French *arts community* who, *having* dreaded the arrival of an axe-wielding conservative philistine at the arts ministry, have been impressed by his enthusiasm for his brief.

His taste may not be quite as eclectic as that of Lang, who prided himself on his ability to rattle off the titles of the latest *rap releases as well as lines* from Rabelais. Toubon's interests run from "old American movies" and "1960s and 1970s jazz", to modern drama "Ionesco, Beckett and Pinter". He is also a keen collector of contemporary art, aided and abetted by Lise, his second wife who has been dubbed "Hillary" by the ministry's staff for her assiduous attendance at the A-list parties.

Catholic taste and an affable manner, however, have not been quite enough to slay the ghost of Lang. Toubon's chief challenge is to define a new direction for French arts policy in the 1990s after the gauche glamour of the *Grands Projets*.

Toubon sees populism as his main aim. "Thirty years ago only 10 per cent of the French public participated in the arts," he says. "The percentage is *still the same today* – despite all the money that's been spent over the past decade. What's more they're the same sort of people. We've got to change that."

One strand of his strategy has been to improve the quality of cultural activity in the regions: by offering special grants for drama groups with touring companies and improving resources for music teaching in schools. But the dominant theme in his new policies – and the leitmotif of the Gatt and *franglais* campaigns – is conservation: a concept that fuses neatly with the avuncular culture of the Balladur regime and marks a stark contrast with the uncompromising modernism of Lang.

Toubon has already unveiled renovation plans for some of Paris's dilapidated monuments: the opulent old Garnier opera house and the Pompidou *arts* centre, which was built in the early 1970s but is in dire need of repair after two decades of tourists trudging through it. The next candidates will be the crumbling churches and châteaux in the provinces followed by the Maisons de la Culture, the regional arts centres created by André Malraux, the French novelist who was De Gaulle's arts minister in the 1960s.

"We've got to get away from this idea of the arts being the preserve of the intellectual elite," he says. "It might seem more exciting to the avant-garde to talk about flinging up new buildings, rather than preserving churches and châteaux. But they're popular, they're accessible and they're part of our heritage. What's wrong with that?"

Sleight-of-hand show

New York is entranced by Ricky Jay

Those who place magic shows in the category of cheap and tawdry diversions are likely to have their minds changed by Ricky Jay. An astonishingly gifted sleight-of-hand artist and a raconteur supreme, Jay is currently providing a sophisticated evening's entertainment at New York's Second Stage Theatre, for *those crafty enough* to locate a ticket. Called *Ricky Jay and his 52 Assistants*, the sold-out show is directed by playwright David Mamet and is the toast of the city; Madonna, Lauren Bacall, Barbara Hershey, and Jerome Robbins were all in attendance at one recent performance.

Producers have tried to lure Jay to a larger theatre than the tiny Second Stage, but he has wisely refused. The key to the show is its intimacy. Jay gives the impression that he has invited friends into his living room (actually, Kevin Rigdon's woodpanelled set) to show them his best tricks, and even those in the back row are close enough to be truly flummoxed by his skills.

A bearded bear of a man, Jay performs alone: the assistants, if you have not *worked it out yet*, are his deck of cards, with which he does the most amazing things. As he shuffles and deals, cards appear where they certainly could not be and disappear as quickly. Dupes from the audience get trounced at poker, "21", and that favourite of New York hucksters, three card monte. Jay constantly plays with the audiences' minds, pretending to bobble the gags, and then revealing he was in control all along (whoops! dealt someone three aces? Good thing he saved himself a royal flush!)

This is mindboggling, to be sure, but what takes the show a level higher is Jay's urbane, self-effacing manner and his witty patter. He talks a blue streak throughout, which not only provides the necessary distraction from his hands, forever fidgeting with the deck, but gives us a fascinating history of deception and magic. Jay is the author of several books on the subject, editor of a quarterly Journal of Anomalies, and is the darling of magic enthusiasts like Mamet, who has cast Jay in several of his films.

In the second act, the show gets proppier, and to my mind weaker: his deceptions are *at their least convincing* during the cups-and-balls tricks and the prank with an old-fashioned automaton. Jay is at his best with a deck of cards in his hand, even when he is just tossing the cards around, as he does at the show's end. But what tossing! He makes cards spin back to him like boomerangs; he flings them across the room, decapitating a toy duck, setting a menagerie of stuffed toys to clanging their cymbals, and penetrating the "outer pachydermal layer" (the green bit) of a watermelon after nearly a dozen attempts ("the ricochet," he warns, "once killed a man in Tierra del Fuego").

Jay's show is a playground for adults, sending even the most jaded audience members into a state of childlike wonder. He does not so much require that we suspend our disbelief as make it disappear – yes, like magic.

Karen Fricker

Saleroom

Stag sets off bull market

A painting of a stag, roaring his defiance atop a Highland crag, sold for £793,500 at Christie's yesterday. It was painted, of course, by Landseer and wowed the Summer Show at the Royal Academy in 1857. It is reckoned to be only exceeded in majesty by his "Monarch of the Glen", painted six years earlier. The price was lower than expected but it was a record for Landseer and demand for such very British pictures is basically confined to the UK.

With only a small leap of the imagination Landseer's stag can represent the art market seeing off the recession. For things have undoubtedly improved over the last few weeks. Pictures are luxuries rather than antique essentials, like tables and chairs. They suffered most during the art market slump of the last four years. Now the dam of frustrated demand has broken.

In the sale of Victorian pictures an early historical work by Alma-Tadema, showing the children of Clovis being educated in murder, sold for £133,500, and a portrait of Lord Tennyson by Watts, which had previously failed to sell, made £45,500. This was a good example of the auction houses persuading sellers to lower reserves, and then placing cautious estimates on the pictures to tempt back buyers. In November 1992 the Watts was estimated at £60,00-£80,000; yesterday it was marked down to a realistic £40,000-£60,000.

The great breakthrough sale was on March 11 when Christie's sold 93 per cent by value of its auction of modern British paintings, a sector which had been badly battered in the early 1990s. A painting by Harold Gilman, a leading member of the Camden Town School, of his landlady in her bleak room, soared to a record £111,500, as against its recessionary £30,000 top estimate, while the ever popular wildlife artist David Sheppard hit a new high of £40,000 for "Buffalo Disturbed", as against a £10,000 top estimate. Throw in a Munnings "Field of Poppies" for £128,000 (compared with the £25,000 forecast) and you have an auction which was the best for years. According to specialist Jonathan Horwich "prices are now back to 1989 levels", the peak of the market before the fall.

Landseer's stag, which sold for a record price at Christie's yesterday

This week Sotheby's sold almost 79 per cent by value of its second division Impressionists, with Picasso pots in demand; 73 per cent of its modern British; and almost 90 per cent of its contemporary art, always a tricky area.

Things seem set to continue to improve. Sotheby's is offering four major paintings in its key sale on June 28, paintings which sellers would not willingly have put on the market in recent years. All have been locked away in collections for generations and should greatly appeal to museums and discriminating collectors. The day of the flashy painting is temporarily over.

The most art historically interesting is Manet's only completed oil sketch for his masterpiece "Bar at the Folies Bergère", in the Courtauld. Underneath that most famous of Impressionist paintings, is this composition, the original version. The £3m estimate seems modest. Also on offer is a Monet painting from his poplar series, also expected to make £3m, and a portrait by Frédéric Bazille, whose promising career was cut short in the Franco-Prussian War when he was 29. Finally a Picasso pastel of 1901, as pretty a portrait of a woman as you could wish for, is enticingly estimated at £600,000-£800,000.

Antony Thorncroft

A theatrical life

***Henry Livings** is riveted by Joan's story*

I have read a great deal of this remarkable book on trains to and from rehearsals and I have been constantly leaping up, leaving hat, coat or script, having nearly missed my stop. But I have never let go of Joan's Book. It is certainly not well-written; there are few phrases where I would want to go back and look again for resonances and encapsulations. But this story of one of the most significant and exciting theatre companies ever, the Theatre Workshop, is also a profoundly personal memoir of astounding, tragic and comic times.

Joan Littlewood seems, like an actress, to re-inhabit herself each time. The childhood chapters read like a best-girl-in-the-class essay on "My Family". Adolescence is hoydenish, self-important and self-glorifying. The account of her first schoolgirl production (she also played Macbeth), in which she went too far for the Mother Superior, is joyful. The headmistress hurtled backstage to tell the company to calm it down a bit. "Which they did, to my chagrin." The early professional life in Manchester is as rich as steak and cow-heel pie.

She seems to meet everybody, from Laban (she does not convincingly explain how the great dance and movement annotater happens to be in Manchester at the time) to Nye Bevan, who tells her the company should be playing to the miners, which she then does.

Her account of Ewan McColl's marriage proposal on the tram, which develops into so violent an altercation that the driver stops, as vigorous and moving as the tender, muddled love she comes to share with Gerry Raffles. Once or twice you glimpse her ruthlessness, as when she lets it be known that the company is disbanding, in order to get rid of an old actor for whom she has no further use. She may have a conscience, but I do not think so. Compassion, yes. Her description of friendships forged in Czechoslovakia and then broken as the company leaves the Stalinized Socialist Republic is almost unbearably moving.

Joan Littlewood (second right) with cast

JOAN'S BOOK
by Joan Littlewood
Methuen £20, 796 pages

Think about the authors who went through her treadmill at the Theatre Royal in Stratford, East London, and altered our perception of modern drama: Brendan Behan and Shelagh Delaney among them. The account of the creation of *Oh what a Lovely War* tells you all you need to know about story telling, and also, by implication, why the film is so dull. And her demolition-jobs on the Great and Good are meat and drink to jobbing artists. In Tunisia, helping to organise a makeshift drama festival, she intercepts a newly-arrived Peter Brook: "I warned him against introducing any of his old-hat ideas." Later, Brook eats a sheep's eye at a dinner, and she is convinced it is to get back at her.

You do not have to be even half way interested in theatre to relish this welter of a book. It is compulsive, elusive and maddening. Read it. It is an un-literary masterpiece.

■ *Playwright Henry Livings is a former member of the Theatre Workshop. His new translation of Blood Wedding opened this week at the Bolton Octagon.*

Inspired by Picasso

***Brian Sewell** discusses Golding on modernism*

What in art is modern now? It is unlikely that in the last decade of the Quattrocento, with the Italian Renaissance half done, educated Florentines still spoke in awe of Masaccio, Donatello and Fra Angelico as modern, yet in the last decade of this century, John Golding, distinguished art historian, curator of exhibitions and a painter of sorts, offers us as modern, Picasso, Matisse, Braque, more Picasso, Duchamp, Gorky, Malevitch, Brancusi and more Picasso still, all firmly rooted in the first decade. Readers hoping for a helping hand with Damien Hirst and Rachel Whiteread will find none offered here.

Only with Frank Stella and himself does Golding venture into the present day – but Stella he treats exclusively as a fellow lecturer and writer, and of Golding the painter of flaccid abstracts of footnote inconsequence, we must ask how it is that, revealing so sharp an eye and such honest judgment in his discussion of the old masters of this century, he can be so blind to the poverty of his own paintings, daubs that seem merely private therapy for a man far better employed in intellectual pursuits.

For 40 years Golding has steeped himself in the study of Picasso. The obsession began with his doctoral thesis on Cubism, and its present incarnation is the exhibition at the Tate Gallery; its rich fruit is a scholarly and intuitive knowledge not only of all the artists involved with Picasso – Braque, Léger *et al* – or with whom he was in rivalry – Matisse – but of the critics and apologists who offered him support, of Tsara, Eluard and Apollinaire. The first essay in the book is indeed on Apollinaire, the wise, witty and misguided mountebank and showman of Parisian criticism until his death in 1918, whom Golding accuses of inventing "the sort of pseudo-metaphysical jargon that is found all too frequently in writings about present day art."

Golding cannot himself be accused of jargon; he writes with utter clarity, and only a scholar of transparent honesty could observe of Cubist pictures after a lifetime's work that "I have come increasingly to realise that I do not really understand them, and I am not sure that anyone else does either," which tempts the sceptic to quote Sickert – "Painting that requires literary explanation stands self-condemned. Here we have the condemnation of Matisse and Picasso, and even of most of Cézanne's canvases."

VISIONS OF THE MODERN
by John Golding
Thames & Hudson £28,368 pages

Golding may protest inadequacy, but his commentaries on the parallels between Braque and Picasso in their Cubist years, on the great "Demoiselles d'Avignon", on the flowering of Gris and Léger, are passionate in their sympathy, and illuminate with such uncanny clarity that ordinary mortals may well feel that they at last understand, even if their mentor does not.

By far the longest essay is devoted to Duchamp, keyed to his mysterious, unfinished and shattered work on glass, "The Bride stripped bare by her Bachelors", damaged in transit in 1926. Amid dense argument, Golding admits to unanswerable questions and a labyrinth of ideas from which no thread leads; "there is no solution, because there is no problem," claimed Duchamp – but there is a problem, and in failing to arrive at its solution, Golding surveys the whole work of the old mischief-maker, from Mr Mutt's upturned urinal to the almost posthumous *tableau mort* of the naked waxwork woman with her legs spread wide, seeing a cerebral kinship in the wild diversity of style.

Golding writes at a still slower pace and with emotion cooled when he treats of Gorky, Malevitch and Brancusi, as though the material has been prepared for tutorials and has adapted uneasily into literary prose – even the death of Brancusi's beloved bitch brings scarcely a spark of life to that essay, and the plodding art historian swamps the connoisseur. Though they are not without merit, the inclusion of such lectures and reviews (if these are indeed what they are) blurs the focus of the book, and at the very end it is blurred still further by the vain inclusion of himself as painter, keeping company far too distinguished. Golding's eye is at its brightest and his pen most passionate when Picasso is his inspiration.

BOOKS

Ignorance outstrips knowledge

*Alternative science is all very well but there is a limit, says **A.C. Grayling***

Open-mindedness is an intellectual virtue. History is cluttered with the wrecks of grand theories which died of dogmatism. Unless we remain alert to the possibility that our beliefs are false, however well they seem to work, we might miss opportunities to learn; for the world is stranger than we think, and our ignorance far outstrips our knowledge.

Such reflections prompt people like Rupert Sheldrake to venture what might be called "alternative science". This consists in devising unorthodox solutions to problems which orthodox science cannot solve. It also includes taking seriously the beliefs of children, mystics and stone-age people, on the grounds that modern science has forced us to shed much wisdom by its reductively piecemeal approach.

Sheldrake offers us alternative science as thus conceived. He suggests experiments on the psychic faculties of pets, the homing ability of pigeons, and the organisation of termite colonies, to test whether his favourite notion, that of a "field", will explain their behaviour. Sheldrake hypothesises that everything is surrounded by fields which transmit influences and information, and which link creatures to others of their kind and their homes. The experiments he proposes are intended to test whether such fields exist.

Sheldrake offers the same solution to other puzzles, like "phantom limbs" as sensed by amputees, and the experience of feeling that one is being watched. He claims that both can be elucidated by postulating that our minds are fields "reaching out through the senses, projecting far beyond the surface of the body."

But Sheldrake does not confine himself to suggesting explanations for puzzles. He also mounts an attack on orthodox science for not taking alternative suggestions seriously. Scientists, he says, are "the servants of military and commercial interests". Their objectivity as enquirers is an illusion; some falsify their results to get fame. Their minds are closed against

SEVEN EXPERIMENTS THAT COULD CHANGE THE WORLD
by Rupert Sheldrake
Fourth Estate £15.99, 269 pages

anything unusual because orthodoxy blinds them. They define the speed of light and gravitational attraction as constant values, whereas these values in fact fluctuate, showing that chaos or at least radical changefulness is more truly characteristic of the universe.

Such are Sheldrake's views; and they amount to a farrago of shallowly and sloppily argued nonsense. The key notion of a "field" is left unexplained, usefully for Sheldrake because the vaguer a notion is, the more it explains; the most we are told is that fields "resemble elastic bands". His account of perception, as quoted, is that mind "reaches out through the senses", which, he approvingly notes, is what uneducated folk like children and cavemen believe. He quotes bizarre anecdotes as evidence; the field explanation of phantom limbs is demonstrated by the case of a man who kept his amputated finger in a jar in the basement, and found that when his phantom finger felt chilly it was because the basement was cold.

Such stuff speaks for itself. The best example of Sheldrake's logic is his claim that the speed of light varies, based on the fact that investigations have yielded varying values. Naively assuming that each measurement was accurate, he takes this to prove his point. It seems to have escaped him that different measuring techniques, equipment, mistakes or other factors might explain the differences.

Attacks on scientific scepticism are standard among alternative theorists. They fail to recognise this as one of science's strengths. They take its disdain of their hypothesisings as proof of a conspiracy to conceal the truth. Books like Sheldrake's, therefore, demonstrate why scientific scepticism is absolutely necessary.

Perfect poems, poor lives

Anthony Curtis on Baudelaire and Mallarmé

Yeats said "The intellect of man is forced to choose, perfection of the life, or of the work". Never can that dilemma have appeared with greater clarity than it does in the lives of the two French poets, Baudelaire and Mallarmé, of whom new biographies have just appeared. Both of them sought ceaselessly for perfection, and in many of their poems actually achieved it. Between them they are largely responsible for the modern notion of formal perfection as a poetic ideal. It was their disciplined response to the interminable flood of verse that poured out of a Victor Hugo or a Tennyson. Ironically it was the last of the fluent Victorians – Swinburne – who was the first English poet to hail Baudelaire's genius – in an article in The Spectator in 1862. Since then almost every major English poet, starting with Yeats, Eliot and Auden, has paid tribute to Baudelaire as the founding father of modernism.

The ideal of perfection helps to explain what we find most puzzling about Baudelaire and Mallarmé, their veneration for the work of Edgar Allen Poe. Baudelaire's admiration for Poe verged on idolatry; he translated much of Poe into French, one of the few things that brought Baudelaire some regular income. Though Baudelaire was by far the greater poet, it was Poe's writings on poetic technique and theory as well as the morbidity of his subject-matter that fertilised the mind of Baudelaire. The seeds of the Frenchman's notion of *correspondence* – involving a synthesis through words of all the arts, music, dance, painting, literature – the bedrock of symbolism, may be found in Poe.

But, as emerges from Joanna Richardson's massive new life of Baudelaire, there were also remarkable parallels between his life and that of Poe. Both lost their natural fathers when they were little; both became mother-fixated; both had adoptive fathers of a military cast who despised poetry; both adored women but found straightforward sex impossible; both became chronic invalids; both were invariably in debt.

The last full biography of Baudelaire was by Enid Starkie in 1957. If her scholarship could at times be faulted, Starkie was always an enthusiast and she presented a Baudelaire redeemed by her admiration for his work. With much fresh material at her disposal, Richardson gives us a remorseless march of all the grim facts, concentrating on the poet's disastrous financial situation. From his improvident youth to his death aged 46 it never improved.

What makes it so heart-rending is that his degradation could easily have been avoided. Baudelaire inherited a sizeable fortune at the age of 21. Prudently managed he could have lived off it – supplemented by his small literary earnings – in comfort and dignity for the rest of his life. Within a few years he had got through half of it, and had burdened himself with supporting a mulatto mistress Jeanne Duval – the Black Venus of his poetry – from whom he caught the syphilis that ultimately resulted in the aphasia (loss of the faculty of speech) that caused him to spend his last years as a virtual mute.

General Jacques Aupick, the epitome of careerist respectability in the Second Empire, called a family council to decide what to do about his prodigal stepson. It was decided that Baudelaire's remaining capital should be administered by a *conseil judicaire* allowing him a small annual income. Baudelaire's stormy relations with his administrator, a family friend who kept very tight control of the purse-strings, provide an element of pathetic comedy in the sad story.

Apart from Jeanne Duval, two other women captured his heart – Apollonie Sabatier, the white Venus who looked like one of Rubens models and who inspired many of les Fleurs; and the actress Marie Daubrun, who was the inspiration behind "le Beau Navire" and "L'Invitation au Voyage". Baudelaire competed for their favours among many gifted men. With the former he

BAUDELAIRE
by Joanna Richardson
John Murray £30, 602 pages

MALLARME: A THROW OF THE DICE
by Gordon Millan
Secker & Warburg £30, 389 pages

triumphed to the point where she finally confessed her love for him. The saddest episode of all is his inexplicable failure to turn this dream of a perfect love into a reality.

Mallarmé was one of the earliest of the younger French poets to recognise Baudelaire's poetic mastery. His own life, freshly told by Gordon Millan, professor of French Studies at Strathclyde University, was not quite such a mess, though he too suffered from continual financial constraint. He made a stable marriage, fathered a daughter who became his literary executor, and acquired a reputation in his lifetime. But his work as a provincial schoolmaster, irksome from the start, became intolerable as his poetic gift developed.

Somehow he managed to get a posting to Paris where his house became a forum of abstruse poetic speculation. His regular Tuesday evening gatherings were attended by many artists and writers including the young Paul Valéry, his most gifted disciple. They were in no doubt about Baudelaire's genius and they developed his theory of *correspondence*. Some of Mallarmé's abstruse poems and sonnets, always popular with English readers, exemplify it.

At least one of his longer works – "L'Après midi d'une Faune" – found a perfect musical correspondence in the mind of Debussy – and after that in the work of choreographers and dancers, Nijinsky, Lifar, Arthur Mitchell. Millan's book reveals the slow evolution of the original poem. He demonstrates the contrast between the poet's tormented, precarious existence and the radiant purity of his vision. That indeed is the message of both these books.

Tuned into the arts

This is a fascinating book, filled with tables of statistics and musical anecdotes. If the two sound incompatible, that chimes with the career and character of the author. He describes leaving a cheerful lunch whilst Chief Economic Adviser to the DTI. On hearing a two-note fanfare of minor thirds uttered by a passing ambulance, he competes with his host in identifying 12 other themes that begin with minor thirds – from "Colonel Bogey" to the Quartet from the first act of *Fidelio*. A rare competition for a mandarin.

The centre-piece of the book is the Orchestral Resources Enquiry of 1969-70. Sir Alan Peacock, on the basis of his polymath knowledge of music and free-market economics, was commissioned by Lord Goodman, then chairman of the Arts Council of Great Britain, to head the enquiry. His committee, full of maestri, listened to a dialogue of the deaf orchestra managers who damned modern composers; composers who regarded the audience as necessary for acoustic reasons only; conductors who thought the orchestra was becoming a museum piece.

The enquiry produced two particularly controversial recommendations: earnings in regional orchestras were to be raised to the same level as those for London; and direct subsidies were to be given to only two out of the four London orchestras. Peacock describes with relish how the main recommendations were thrown out by the Arts Council even in advance of publication.

How familiar it all sounds, a generation later and not long after Peter Palumbo and Anthony Everitt bit the dust following similar attempts to reform the organisation and subsidies of the London orchestras!

Peacock, though, is not a man given to falling on his sword. He went on to become a member of the Arts Council himself and chairman of the Scottish Arts Council. He compiles a delicious fantasy of complaints from dissatisfied Scottish arts organisations: "Take Glasgow-based clients. They're a funny lot. Some don't make moan at all and seem almost trusting, and others write you polished letters which you know mean the Glasgae equivalent of 'A'll smash yer face in'. Edinburgh is different; very sniffy letters with postscripts like 'I would have you know that my Chairman is the brother-in-law of the Secretary of State's cook' – menacing words presaging a sleepless night for me."

He goes on to describe his vain attempts to design a policy that would eventually have put the Arts Councils out of business and helped the arts to become largely self-supporting: a triumph of hope over experience.

He had a few successes – for example his Young Scots' Card that gave young people discounts to Art Centres all over Scotland and that he saw as a preliminary to vouchers entitling

PAYING THE PIPER
by Sir Alan Peacock
EUP £30.50, £12.50 pb, 168 pages

consumers to reductions in the price of cultural goods chosen from an Arts Council list. He wished to see public perception of the arts translated into the power of the consumer to choose which art-form to support.

There is a gentler side to Peacock's cultural economics. He quotes with approval the comment of two American professors that, "few of us are willing to take the responsibility of passing on to future generations a country whose beauty has been destroyed". I suspect that this romanticism underlies the apparent harshness of much of Peacock's free-market approach.

Peacock has a capacity for irritating experts. The forthrightness of his views and his natural iconoclasm are evident in *Paying the Piper*, which is compulsory reading for anyone entering the field of arts sponsorship. I trust Lord Gowrie will buy a copy and keep it under this pillow when he inherits, upon April Fool's Day, the mantle of Lords Goodman and Palumbo at the Arts Council. It will help him succeed.

Tim Renton

Thrillers/**J.D.F. Jones**

Shining knights

The great novelist of modern-day Florida is John D MacDonald; the word thriller is inadequate. He died eight years ago but his principal creation, Travis McGee, lives on.

There were 21 Travis McGee stories and they have become classics of popular fiction because MacDonald had an idea of genius, to translate the Arthurian knight of medieval chivalry to 20th-century America. Travis McGee is therefore much more than a bronzed and battered middle-aged beach bum; he is more, and more interesting, than the routine private eye: he is an archetypal Hero.

But John D MacDonald is also important because he is the master of the Florida School which today promises to dominate American crime fiction. Carl Hiaasen is one of the newer and most successful members, a Miami journalist with a wild satirical humour. James Hall is another, and is clearly pitching to be MacDonald's heir. What they all share is an obsessive rage about the rampant commercial over-development which is rapidly destroying their Florida. But their books are more than "eco-thrillers".

James Hall's *Mean High Tide* is his fifth novel. Like McGee, his reclusive drop out hero Thorn is bronzed, battered, middle-aged, etc., with a similar taste for sea and sun and sex and a hatred of bureaucrats and businessmen. The same characters and locations crop up. Thorn's girl is murdered (he has a habit of losing the women in his life). There is a maniac with a loopy daughter and a plan to breed red tilapia (that's a fish!) which will destroy the ecological balance of the region. Hall's world is very violent, his villains are very villainous, and the sex is more explicit than MacDonald, the old-fashioned romantic, would have sanctioned, but he can write almost as well as his master and the dialogue is as strong as Elmore Leonard's. What he does not have – and

MEAN HIGH TIDE
by James Hall
Heinemann £14.99, 340 pages

THE DEVIL KNOWS YOU'RE DEAD
by Lawrence Block
Orion £15.99, 361 pages

SACRED CLOWNS
by Tony Hillerman
Michael Joseph £14.99, 284 pages

may not understand – is the universality of McGee, the knight in not-so-shining armour.

Mandarin have just re-issued *Under Cover of Daylight*, *Squall Line* and *Hard Aground* (not about Thorn) in paperback. Start with the first.

★

Far to the north, in the differently-polluted streets of New York, Lawrence Block is bidding to be the eventual heir of Robert Parker. The American hero these days has to be a credible, fallible human being – a resurrected James Bond wouldn't stand a chance – and, in these enlightened times, it helps if he has a long-running Relationship with a real live woman, not a succession of bimbos.

Block's triumph is Scudder, the ex-cop and alcoholic who seems to spend a lot of his books either in an AA meeting or sipping club soda in Irish bars. The girlfriend, Elaine, is an East Side call-girl. Again, they are both in early middle-age and, despite their lurid background, they both turn out to be interesting and credible people.

The Scudder books have been slow to cross the Atlantic. *A Ticket to the Boneyard*, just re-issued by Orion in paperback, was a terrifying and brilliantly successful story of their being terrorised by a psychotic murderer. *The Devil Knows You're Dead* takes us into slightly quieter waters, starting with the motiveless murder of a yuppie lawyer on Eleventh Avenue. Block has the confidence to take his plot slowly and to build in a serious novelist's consideration of themes that lesser crime writers steer clear of – the justification of suicide, for example. His underworld is convincing and alarming; he has that vital page-turning compulsion; he deserves all the plaudits.

★

Tony Hillerman is an authority on the Navajos who had the fascinating idea of setting a crime series in today's Indian territory. His double-act of Lieutenant Leaphorn and Officer Jim Chee of the Navajo Tribal Police is cleverly balanced: Leaphorn is widowed and wise, Chee wants to become a shaman as well as a good cop, which offers all sorts of tensions for a novelist. To my mind *Sacred Clowns*, which has even more anthropological business than usual, is a bit flat, but it will no doubt satisfy the devotees.

China's housekeeper

During the decade of China's Holocaust, the Cultural Revolution, premier Zhou En-lai drew up a Schindler's list of those he wanted to protect from the forces of death and destruction. His main Ark was Peking's Hospital 301, to which he had healthy targets of the Red Guards' wrath confined. The numbers he protected were few but today he is chiefly remembered with affection in China because of these efforts and his desperate work to keep the nation afloat in the chaotic seas, in reward for which his master, Chairman Mao Zedung, labelled him China's "housekeeper."

One would have thought that, after the chorus of contempt which greeted her two-volume hagiography of Mao, *The Morning Deluge* and *Wind in the Tower*, an instinct for self-preservation if not a sense of shame would have inhibited Han Suyin from attempting a biography of Zhou En-lai. Mao's faithful prime minister spent the last years of his life fighting cancer and vainly trying to limit the damage inspired by the senile monomaniac Chairman, his termagant wife and the Gang of Four.

The Mao volumes ludicrously presented the Chairman, to quote from the blurbs on their dust-jackets, as "a modest man and, moreover, a man merciful to his enemies, uncorrupted by power," a judgment at odds both with historical truth and with any intellectual honesty. Mao had qualities as a thinker and a charismatic revolutionary still acknowledged in China, but as a disastrous peace-time leader he was a monstrous egoist and a ruthless tyrant.

ELDEST SON: ZHOU EN-LAI AND THE MAKING OF MODERN CHINA 1898-1976
by Han Suyin
Jonathan Cape £25, 283 pages

In writing this gushing tribute to Zhou, Han Suyin does her best to do justice to the bitter struggles of his last years while avoiding flat contradictions of her own deification of Mao. But, despite endless evasions, prettification and an insistent incantatory prose style, she fails by a long chalk to bring it off.

The introductory paragraphs set the tone: "Beloved Premier Zhou. Automatically, so many of my generation spoke of him thus, running the words together. ..Somehow because of him we all felt life was worth living..." By the final chapters Han Suyin has transmuted this dedicated Marxist revolutionary into a Confucian gentleman and ends apotheosising him as a Christ-like figure, dying painfully for millions on the cross of Mao's Cultural Revolution.

Like certain other lady novelists, she reproduces the thoughts of others as history. She presumes that Zhou's reaction to his betrayal by friends was "grief unspoken, swallowed down, invisible," and records the reaction of the audience to one of his last appearances: "'He is back, he is back,' one could hear the thought from every brain, though not a word was said." Han Suyin bids fair for the title of being the Barbara Cartland of China Watchers.

The writer ignores or plays down facts which fit uneasily into her theme that both Mao and Zhou were benign, if occasionally fallible, heroic figures and their enemies evil. The death of Liu Shaoqi, the main target of the Cultural Revolution, occurs with no mention of the cruelty that killed him, medicine-less on the floor of a freezing cell.

She does record that Mao never bothered to visit his premier on his deathbed but reports that his nurse claimed that she saw "tears running down his face" while he watched evening television on the day Zhou died – an unlikely tale. Better sourced is that a coarse poem by Mao ("Don't fart or the heavens will be turned upside down"), was read to the dying Zhou, who wept before he died. Mao did not attend the funeral ceremony, an absence Han Suyin does not note.

Zhou was, of course, a very considerable leader of great charm which I have seen him use to enormous effect while manipulating a roomful of foreign journalists. Evidently, he employed it on the author. Zhou used his charm and intelligence to rule, dominate, persuade, cajole and, in the end, to survive. Back in 1928, Zhou had said, "For the sake of the Revolution, we must even become like a prostitute." That turned out to be his fate.

In the final analysis, Zhou who preached common sense, died a failure in the shadow of a chaos-sowing Monkey King figure. He had given his life to a lost cause, but is remembered with affection because of the few dozens he rescued from the spite of the man who embodied that cause. Under the billows of Han Suyin's romantic prose, Zhou's very real qualities disappear. His portrait is painted in the literary equivalent of China's revolutionary art: a saint-like, heroic-eyed worker gazing towards the rays of the sun of Mao.

Derek Davies

Cookery/**Philippa Davenport**

A pork pie to ponder

Street foods in Britain are not what they were. Where is the gingerbread man? Where are the sellers of ripe cherries and hot warden pears? Where is the bell-ringing travelling pieman? All we hear now is the megaphoned tinkle of Teddy Bears' Picnic as Mr Whippy vans cruise the housing estates.

In some rural areas mobile fish and chip kitchens splutter from village to village. In cities the stench of over-stewed onions belches from hamburger stands. Only as Christmas approaches do things improve when the chestnut vendors take over.

Pies were once the most popular of all street foods and piemen were familiar figures with their trayloads of wares. Fillings of mutton, beef, eel, and fresh fruits in season were relished. Pork pies, however, were always hot favourites.

Recipes for pork pies abound. Strong regional tastes are evident and there are some very localised versions indeed, particularly in the hunting shires where the wisdom of carrying a good pie in your saddlebag (and a hip flask) was well understood. Just the ticket to sustain an energetic sportsman all day – or to comfort an unseated rider ditched by his steed.

Melton Mowbray pork pies are still famous, spiced with anchovy and cayenne. Nutmeg and allspice were favoured elsewhere, and herbs such as thyme, parsley and sage in other places. In some areas the addition of apples, onions and/or cheese was favoured. Elsewhere the inclusion of eggs, chicken or veal was preferred.

Some of the pork pies made and sold in earlier centuries were probably as dire or worse than the sawdust-dreary, mechanically recovered meat pies that late 20th century publicans microwave for their customers. But the best must have been very good indeed with their thick and decorative pastry casing and their filling of succulent, flavoursome meat.

The pie crust frills that now flute our collars and cuffs began life as pastry decorations of course. And the flesh of large, free-ranging, long-lived pigs is unquestionably superior to that of juvenile runts factory farmed by producers obsessed with low-fat meat.

PORK & PIPPIN PIES

(serves 6-8)

These can be served hot or cold and would make a good choice for Easter picnics. I have used lean end of belly of pork – partly for economy but mostly because of the rich texture it gives the gravy. Hannah Glasse, writing in 1747, recommended a more refined version of the pies using small steaks cut from a loin of pork, white wine instead of vinegared water, and no onion. Loin, being more tender and drier, needs no pre-cooking before baking.

For the filling: 3 lb lean end belly of pork or 2¼ lb thick boneless slices of belly of pork (in other words enough belly to yield 1½lb pork after bones and rind are removed); 6oz onion; 9oz sharp aromatic apple (Braeburn from New Zealand make the best choice at this time of year); a little butter; freshly grated nutmeg, 1 tablespoon tarragon or white wine vinegar mixed with 1 tablespoon soft brown sugar and 4½ fl oz cold water.

For the crust: 6oz wholewheat flour; 6oz plain white household flour; 3oz butter; 3oz lard; beaten egg to seal and glaze.

Bone the pork, if not already done, de-rind it and cube the meat. Chop the onion finely. Peel, core and chop the apple. Put all three ingredients into a lightly buttered casserole. Season with salt, pepper and plenty of nutmeg and pour on the vinegared and sweetened water. Lay the pork rinds on top and cover with a well fitting lid. Cook at 300°F (150°C) gas mark 3 for 2½ hours.

Discard the rinds, letting the juices drip back into the casserole. Check seasoning and set aside until cold.

Make the pastry, seasoning it well. Use half to two-thirds of it to line the base and sides of two 6½in-7in springclip cake tins or two small oval pie dishes.

Divide the pie filling between the pastry-lined containers and cover with lids rolled out from the remaining pastry. (NB: if using pie dishes, do not lay the pastry on the rim of the dish in the usual way but seal the pastry sides and lid with an upward movement to make a frilly collar, as though making a raised pie.)

Glaze the pies with beaten egg and make steam holes. Bake on a pre-heated baking sheet for 15 minutes at 425°F (220°C) gas mark 7, then at 325°F (160°C) gas mark 3 for 1½ hours.

Let the cooked pies rest for at least 5 minutes between baking and serving if they are to be eaten hot. Better still, serve them cold when they can be cut into jellied wedges.

Olwyn and the giant lobsters

Kieran Cooke risked being brained by a coconut, all in the cause of food

Hitler Ho used to be a regular caller to the late-night radio request programme in Hong Kong. Wagon Lee, presumably a man with a penchant for the overnight services of the European railway system, was a columnist on a local paper.

Names are peculiar things. The gender of my own is often confused – once, this led to being confined overnight in the women's cabin section of a Swedish ferry.

So what about the name Olwyn? The very picture of Welsh womanhood. Healthy-cheeked, leek-eating, daffodil-growing. Wind from the Beacons blowing through blond hair. Chapel on Sunday evenings. Cardiff Arms Park with the lads. Dylan Thomas. The Eisteddfod.

Not this Olwyn, though. Olwyn Weerasekara is a man. A native of that magical but, sadly, strife-filled island of Sri Lanka. He is also keeper of one of the world's more unusual restaurants.

"I think maybe my father had a Welsh girlfriend once and decided I should commemorate her," says Olwyn. The name has never bothered him. He gets on with what he knows best – cooking and sharing drinks and chat with customers.

Olwyn's – or the Beach Wadiya restaurant – is on the open-sided three-wheeler. Turn off the main road going south. Go down a dusty, pot-holed track towards the sea. Take a left. A few desultory fairy lights blink in the distance. "Olwyn's," says the driver. You stop and make sure there are no hoots from oncoming locomotives.

The Beach Wadiya is on the other side of the railway tracks, perched on a strip of sand between the trains and the sea. Levering the flesh out of a crab claw might be interrupted by the very close rumble of the southern express.

Olwyn's speciality is lobster. Lots of them. Grilled, poached, fried – with butter and garlic, with chilli, with curry. Colombo's *aficionados* ring beforehand to place their orders. Then, they know they can be sure of Olwyn's personal touch in the cooking.

Later, being partial to a drink or two, Olwyn tends to be pre-occupied elsewhere, mainly in the cut and thrust of intellectual conversation at various tables littered round the sand. "What is life for but to enjoy a few fragile moments like this?" he says. The train goes past, making the restaurant – and life – seem very fragile.

"Of course, people come here for the food, but it's not just that – it's more for the, how shall I say..." His verbal meanderings are interrupted by a slight hubbub at one table. A coconut has dropped from a tree, nearly flattening the bald-headed diner underneath.

With commendable sang-froid, Olwyn waves at the rather startled gathering and tells the waiter to take a jug of the local coconut toddy across. "Nothing like good, strong toddy for putting the world right," he says, with a sharp slap of the thigh and a hearty roar of laughter.

The lobsters arrive. Two of them, stretching across the table. But I am not allowed to eat. First, I have to examine the weighty books of customers' comments.

Sample: "I am from the USA. I have not eaten yet. But look forward to my prawns. I hope on my next visit I can write in your guest book again and tell you how good the food was or was not. Regards, R.M. Schwartz."

Schwartz has no other entry. Perhaps the prawns were not up to scratch. More likely, the toddy froze his literary abilities. Or he was brained by a stray coconut.

I crack a lobster claw, but Olwyn wants to show me the pictures. A group of very red-faced diners. "The England cricket team – they all came here and stayed till very late. We even had some bowling on the beach."

Perhaps googlies go better with toddy.

"Olwyn, I really must get back to my lobster."

"All in good time. Life should not be rushed. Now look at these pictures."

Olwyn is a fan of the late Elvis. So, he had an Elvis look-alike competition at Beach Wadiya. It was one of the high-points of the restaurant's existence. Lobster, toddy and rock-a-hula-baby.

A frisson of excitement runs among the tables. Sri Lanka is playing host to Miss World Tourism. Several of the girls have found their way to Olwyn's. Each one of them 6ft tall, most of it legs.

Olwyn jumps like one of his crustaceans on the way to the griddle. "So honoured ladies. Of course we have room."

There is only one table with space. Mine – at present occupied only by two sadly neglected lobsters.

On one side, Miss Poland. On the other, Miss Latvia.

"Kieran? But that is a girl's name, yes?" says Miss Poland, in a tone that brooks no contradictory opinion.

"Olwyn?" says Miss Latvia. "That is a very sweet name. It is a Sri Lankan name, no?"

Olwyn waves for more toddy. The train goes past. The lobsters do a Fred Astaire on the table.

"We will eat your lobsters," says the long legs from Warsaw.

"You are so kind," says the twinkling Miss Latvia to Olwyn.

■ *Beach Wadiya, 2 Station Avenue, Wellawatte, Sri Lanka. Tel: Colombo 588568.*

Wine

Well-travelled grapes

Jancis Robinson finds striking contrasts between the wineries of the new world

The 1994 wine harvest is almost over, in the southern hemisphere that is. Just back from a quick fix of carbon dioxide and grapeskin smells in Australian and South American wineries, I am haunted by two very different images of today's wine industry.

In the Yarra Valley outside Melbourne, in the temperature-controlled hangar that is Moët & Chandon's Australian offshoot winery, a stack of giant metal bins filled with Pinot Noir grapes wait patiently until Domaine Chandon's small team of cellar rats, and some extremely shiny equipment, are ready to press them into a new vintage of Green Point sparkling wine. The 1991 is yours for £10.49, up 50p from the 1990 because of spiralling demand.

What makes this sight remarkable is that these tight, healthy bunches of shiny black grapes were picked *four* days earlier in the far south of Western Australia and have been shipped, in a refrigerated truck, across the notoriously unforgiving Nullabor Plain – the distance equivalent of shipping grapes from southern Turkey to Bordeaux.

This is the Australian way of doing things – pragmatism unfettered by tradition, spurred on by a sophisticated market at home and abroad.

A few days later I watched the 1994 vintage being delivered to Peñaflor in Mendoza, Argentina's largest winery. Dozens of magnificently ancient lorries stood waiting their turn between weighbridge and continuous press, piled high with a jumble of indigenous Criolla and Cereza grapes, oxidising almost visibly in the sunshine.

Peñaflor boasts the world's largest wine vat, a subterranean concrete cylinder 10m high and 36m across, carefully painted on the outside to look like wood. Dinner parties for 500 have been held inside it. More usually it is filled and emptied every two months – with enough wine to fill almost 7m bottles, or 5m of the litre cardboard Tetrapaks that are so popular with South American wine drinkers.

Intrigued, I asked to taste the wine blended in it, Termidor, Argentina's best selling wine, after being shown the increasingly exciting Trapiche range that is groomed for export markets in one small corner of the winery. The white, musky juice of these local grape varieties makes up all of the white and half of the red Termidor.

I defy a European palate positively to enjoy the flavour of the white, but the red was respectably coloured and masked by a blend of Tempranillo, Barbera and Sangiovese (one of California's most sought after grapes at the moment). Termidor sells for just 1.20 pesos (80p) a litre.

Given the domestic taste for heavy, low-acid, almost-oxidised wines that would be impossible to sell outside Latin America, and given the antique nature of most Argentine wine technology, it is a miracle that a dozen or so winery owners in Argentina are now enthusiastically gearing up for export. The wine industry is currently one of Argentina's most significant investment sectors.

The Argentines are several years behind their neighbours across the Andes in this respect. Stainless steel has become much less of a novelty in Chile over the past few years, and Chilean wine has an established market for inexpensive Cabernet Sauvignon in the US, UK and other parts of northern Europe. But the Chileans are all too aware of Argentina's potential as the world's fifth biggest wine producer.

As Argentines are wont to observe somewhat smugly: "We're not really interested in what the Chileans do, but they're always worried about what we're up to."

Chilean wine exports slowed last year, but the 1994 harvest is the first prolific, if slightly cool, one for some time and grape prices have slumped accordingly. This, coupled with increasing winemaking skills, may help to win more customers, although the real difficulty is communicating the quality-not-quantity message across the winemaker-grapegrower divide. (Wine producers are therefore investing heavily in suitable vineyard land and Santa Rita, for example, expects to buy in no more than a fifth of its grapes by 1997.)

Australian wine producers, on the other hand, are in a frenzy of export activity. Many of the most landed now send more than half their production overseas, mainly to Britain but increasingly to Germany and, to a more limited extent, the US. Sweden is also an avid consumer of Australian wines shipped there in bulk.

Wine now represents more than half of Australia's exports and it is the stated goal of its wine industry that exports should be worth A$1bn (£480m) by the year 2000. New vineyards are accordingly being established all over the country, especially in the coolest, most south-eastern part of South Australia (a state which has yet to enjoy the phylloxera experience), and in the deep south of Western Australia – no longer so isolated, it would seem.

The domestic market, a highly sophisticated one in which connoisseurship is spread both deeply and widely, is increasingly peeved at seeing so many of Australia's finest wines sailing away from the country's heavily unionised quays, and prices have been rising as a result. (Australia's first $100-a-bottle release, Yarra Yering's Merlot 1991, is sold out.)

Grape prices for the 1994 harvest are at an all-time high as producers jockey to meet demand while new vineyards come into production. Some "boutique" producers with deep pockets are said to have offered more than A$2,000 a tonne for premium grapes such as Cabernet Sauvignon and Chardonnay.

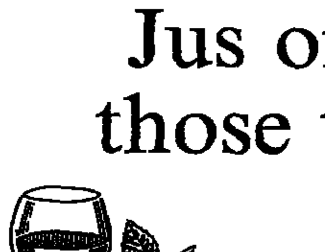
The interesting development this year is that Shiraz, Australia's Syrah which has for long been the country's most planted red wine grape and has been despised for it, is now commanding the same price as Cabernet in many regions, particularly in parts of Victoria and the Barossa Valley where it performs particularly well.

Earlier this year Australia signed a bilateral trade agreement with Europe which formalised its wine labelling, prohibited the use of such terms as Champagne, Hermitage, and Burgundy in the long term, and ratifed exact proportions of grape varieties and regions which would be allowed in blends. In theory, Australian wines should henceforth become more "European" in constitution, but there are few signs that Australian winemakers will abandon their hallmark practice of blending the produce of a palette of wine regions which may be many hundreds of miles, and styles, apart.

■ *Green Point 1991 is a forward, exuberant, come-hither champagne method wine selling for £10.49 at bigger branches of most major chains. Trapiche's best buys are the Malbec 1990 £3.49 from Morrisons supermarkets and, a real humdinger, Medalla 1991 Cabernet Sauvignon £6.95 from Grape Ideas of Oxford.*

Appetisers

Jus one of those things



I have just received the menu from the acclaimed London restaurant "Aubergine" (11 Park Walk, SW10. Tel: 071-352-3449) and I am perplexed. It reads like a badly translated tourist menu from the backstreets of Marseille.

Alright, I am a pedant, but what exactly is "vinaigrette crustacés" (French genders are not the strong point of the chef, Scotsman Gordon Ramsay). Why is it a roasted and not a roast pigeon? Is a "vinaigrette of vegetables pressé (nor are plurals) a soup, given that the implication is that everything has been liquidised? "Girolles", "beignets", "pomme" (sic) "sauce épices" all have English translations which would be less bewildering. Pigeon poché grillé is presumably *"poché et grillé"* or "poached and grilled" in English?

The most striking thing is the repeated use of the trendy word "jus". The standard French dictionary *Petit Robert* tells me that this could be "juice" in the accepted sense of the word or "meat/pan juices" in the form of an unthickened gravy which has not become a sauce. This would explain "Jus tarragon", "jus rosemary", "thyme" "Madeira" etc, but not excuse them. Keep them wholly in French: "jus parfumé au romarin", "à l'estragon" etc, and be less eclectic. As for the "jus Granny Smith" on the crème brûlée I suppose that is plain old apple juice.

Elucidations and examples of similar gobbledegook gratefully received.

Giles MacDonogh

■ The Guild of Food Writers, sponsored this year by restaurateur Nico Ladenis, has launched the 1994 Jeremy Round Award, to find the best young food writer.

Entrants, who must be under 25, are invited to write a stimulating, mouthwatering or witty piece about sausages, in no more than 800 words. The prize of £500 will be presented at a luncheon at Nico at Ninety, Park Lane, London, in mid-June.

Closing date for entries is Friday May 13. Entries should be sent to The Secretary, The Guild of Food Writers, 27 Lebanon Park, Twickenham, Middlesex TW1 3DF.

Philippa Davenport

■ *If you plan to be in* Cambridgeshire over Easter and are looking for an outing that will satisfy a variety of tastes, you might aim for Elton, just off the A605, eight miles west of Peterborough.

For those who cannot resist stately homes, Elton Hall will feed the mind, and a branch of Loch Fyne Oyster Bar, housed in Elton Hall's old dairy, will feed the body with west coast seafood. Prices are modest and opening hours from 9am until 9pm seven days a week.

For menu details ring 0832-280298. **PD**

هكذا من الاصل

There's room for growth in the shaving market

Ralph Atkins reports from the cutting edge of cosmetics

It must be fun working as a marketing executive for a fancy cosmetics company: big budgets: a chance to put the imagination into overdrive and create new fashions for the workaday to aspire to. Riveting, absolutely fabulous.

Experts at Chanel, the Paris-based perfumery, have enjoyed preparing for the May 2 UK relaunch of Pour Monsieur, the range of shaving products dating from 1955. Their aim, says the glossy artwork, is to revive "the art of shaving . . . to a whisker".

In their terribly *à la mode* minds are images of traditional, grey-flannelled English gents, luxuriating on chrome barbers' chairs; of silken-faced chaps who have rejected 1980s designer stubble and, yet, are sufficiently modern to be happy with dabbing a little scented moisturiser on their faces.

So journalists, including yours truly from the Financial Times, have been invited for a complimentary shave at Claridges, a pot of coffee afterwards, a spiel from fresh-faced, French-speaking mistresses of public relations on the importance of silicon derivatives to the adhering properties of shaving cream, and a complimentary package of Pour Monsieur products.

Such stunts are common. The 1990 launch of Chanel's successful L'Egoiste range – aimed at the mysterious, amorously-inclined male – included slap-up romantic dinners for fashion writers and spouses (come to think of it, the life of a fashion writer is pretty fun too, once you swallow the ignominy of being manipulated by the marketing teams).

Of course, not everyone is taken in. Shaving is, in essence, a chore. No amount of expensive perfume or imagery is going to remove the drudgery. There are just three aims of shaving: to be rid of any trace of beard, to smell nice (particularly to the female of the species) and to avoid bits lying at the bottom of the sink when your partner next uses the bathroom. If any cosmetics company could make a product that achieved all three, and sold it in plain containers, I would buy a vat-full.

So, against such down-to-earth criteria, is the Pour Monsieur promotion all piffle? I'm not sure if I rave about the barber's shop. Shaving is a practice reserved for a pre-breakfast scramble to look respectable – a time when the mind has not yet downloaded communication skills. But it makes a change to have someone else tending to all the inaccessible places of the face, and to cleaning the sink afterwards. There is also an art to shaving, albeit quickly acquired: the use of hot towels to soften the bristle; the use of the cut-throat razor along the grain of the beard, avoiding major arteries.

Chanel has its work cut out, however, if it believes it can revive the generation of Sweeney Todd. So far has demand for a shaving service fallen that Claridges only trims about four people a week, at £10 a head. Rival luxury hotel The Waldorf, though offering a full male hairdressing salon, does not provide such a service at all.

More obviously, the relaunch of Pour Monsieur is intended to throw off the product's slightly old-man image and boost sales to chaps willing to pay £10.50 for a can of shaving foam or £21 for a 100ml bottle of aftershave. To achieve this it has been reformulated – all those extra silicon derivatives – and repackaged. It is now going to be sold in clouded, not clear, glass bottles; the grey used for the shaving foam's container is lighter. Wow.

A close shave: Ken Collins, hairdresser at Claridges, in a smooth routine — Lydia van der Meer

There is plenty of room for growth; so far Pour Monsieur is only a follicle on the face of the cosmetics market. Chanel sells six times as much of its ladies' perfume No 5. But the company must reckon it cannot be too long before as many men as women care about how they smell.

And in the smell stakes, Pour Monsieur fares well. I thought of trying a proper consumer test, but a sniff along the shelves of Boots the Chemist proved the only challengers are the equally expensive products from other perfume houses. In comparison, standard pre-electric lotion or aftershaves smell like white spirit. When it comes to the top-notch products, the differences are a matter of taste. (Incidentally, Claridges uses its own brand when not running promotions for Chanel.)

Pour Monsieur is described as combining Sicilian lemons, cardamom, oak moss and Virginian cedar. It is certainly lemony, as in *tarte au citron* rather than washing-up liquid. "Proooor," said my wife, but I think she liked it really.

When in London say 'Chodo ii'

*In London's special Japanese shops, there are no language barriers and they accept yen. **Motoko Rich** reports*

House of Hanover's manager Koichi Nagashima sells UK-branded goods to Japanese visitors — Trevor Humphries

It is lunchtime in Hanover Square in central London, and House of Hanover is crowded with tourists filling their shopping carts with Walkers shortbread, Wedgwood china and Twinings tea. A saleswoman rushes over to a man who has wandered toward a rack of Burberrys raincoats. "Excuse me sir, those coats are for women," she says, steering him to the men's side of the department. "We have many stylish items," she exclaims. "They're very cheap."

Actually, she said something more like: "*Sumimasen, sochira wa josei na mono desu. Kakkoii mono arismasu yo. Yasui desu yo.*" For House of Hanover is not just a run-of-the-mill souvenir shop. Along with several other such stores in London, many with familiar Japanese department store names, it caters almost exclusively for Japanese tourists.

Many of the staff in these shops are Japanese, as are 70 to 99 per cent of their customers. The shops carry largely the same range of typical British products, but the ethos in the stores is imported from home. At Igirisu-ya, for example, formal announcements over the shop sound system thank the shoppers for their patronage in formal Japanese, and bowing clerks murmuring "*Irasshaimase*" ("Welcome to our store") can be seen in every department.

Shopping is an essential component of a Japanese trip abroad and according to the British Tourist Authority, Japanese people regularly list good shopping as a reason for coming to London. Japanese custom dictates that travellers must bring back *omiage* – souvenirs – for everyone.

The Japanese are among the most generous spenders to visit England. According to British Tourist Authority figures, the Japanese spend 16 per cent less time in Britain than all other foreign visitors, but part with 37 per cent more money.

Although figures have not been compiled for 1993, the BTA estimates 580,000 visitors travelled to Britain from Japan, spending around £312m, up 8 per cent from 1992. The number of visitors has grown steadily since 1978.

Three main tour companies, Japan Travel Bureau, Nippon Travel and Miki Travel, serve about 155,000 tourists a year between them. They deliver clients to the Japanese shops at the end of half-day bus tours, sometimes for just 20 frenzied minutes.

For those whose visits are brief – and a two-day stop is common – shopping must be squeezed in between sightseeing, theatre-going and restaurant hopping. The special Japanese shops make things easy: there are no language barriers, they provide VAT refund services (Sogo in Piccadilly automatically calculates the refund on the sales receipt, and the back of the receipt is a customs form) and they accept yen for payment.

Many of the goods in the shops, although available in Japan, are as much as 70 per cent cheaper here. But according to Noriko Mogami, assistant manager at Takashimaya: "A lot of Japanese have a business-orientated mind and they know a lot about how much things cost. As soon as they come into the shop they bring out their calculators and if they think an item is not much cheaper than it is in Japan, they won't buy it."

While she spoke a Japanese mother and daughter huddled over a pile of Ballantyne sweaters, punching the prices into their calculators. "So £40 means Y7,000 . . . is that cheaper, do you think?" they murmured.

At House of Hanover, manager Koichi Nagashima said customers were now more choosy. He said *shodo-gai* – impulse buying – was rare. "They used to buy things just because they were there. Now they are careful to buy what they want."

In recent years, Japanese tourists have become less content to jump on a bus and be led to House of Hanover or Takashimaya.

Mogami said that although Japanese tourists used the speciality shops almost exclusively 10 to 20 years ago, they are now more aware of other, more "native" shopping attractions. She said many people were repeat travellers who "know where to go and and do not go to Japanese shops any more. They now go to Sloane Square, Kings Road, Covent Garden and the markets.

"Now we are asked many times how to get to Camden or Portobello so we are becoming a tourist information centre."

As more travellers break away from the traditional package tour, shoppers will branch out in their shopping habits.

Mami Tanaka, a university student, was travelling for nine days in London with two friends. Although they went on one bus tour, they had been scouting through Harrods, Marks and Spencer, Selfridge's, Laura Ashley and Liberty.

Staff at many high street shops frequented by Japanese tourists say they considered them good customers. "They are very polite," said Miss Olga Gasson, a sales clerk on the ladies' rainwear floor at the Burberrys Regent Street store.

Some 42 per cent of Burberrys' sales come from Japanese tourists, and the company makes special small sizes for Japanese bodies.

Liberty gives out extra bags to Japanese customers to use as gift wrap. These stores also cater for Japanese shoppers by placing Japanese speakers in their most popular outlets. Burberrys has three in its Haymarket store and two in the Regent Street store.

Liberty on Regent Street employs one Japanese speaker and is teaching several of its staff who work in the departments where Tana Lawn scarves, fabrics and bags – very popular among Japanese women – are sold.

One of the most important phrases that staff are taught is "*Chodo ii*" – "That's perfect!"

Old idea: new greeting

*Keeping up with the designer age is a challenge. **Helen Lowry** finds how the card industry is coping*

Even in the age of fax, telephones and communicating computers, there is still no better – or more popular – way of communication than the greeting card. According to the Greeting Card and Calendar Association, 2.427m cards are sold each year in the UK alone.

Greeting cards are keeping pace with our increasingly design-oriented times. Individual artists, craftsmen, photographers, illustrators and architects are turning their hand to the art. Cards now display a range of design techniques and there is a wealth of choice.

According to Christopher Cordingly, of Art Angels Publishers: "It is a heavily populated industry in which you have to carve your own niche." He looks for a distinctive style and images which have a universal appeal. Lucy Clibbon is one of four recent art school graduates he has commissioned.

Initially inspired by a postcard made to illustrate her degree show, she now has a range of 50 cards which are sold worldwide. She uses two techniques, monoprinting and gesso (primal paint). Her gently humorous designs are full of detail. "Hand in Marriage" features a couple in traditional wedding dress within the outline of a hand.

Surrounding them, and in the fingers, are hearts, champagne glasses, a wedding cake, and various other objects associated with marriage.

Each Art Angels card is given a title and all are "blank message" cards. Improvement in reproduction quality has opened the market to numerous other professionals.

Emma Tennant specialises in rag-rug making, a traditional craft in the south of Scotland from where she comes. She describes the craft as "the flip side of patchwork".

Using left-over bits of wool, in particular scrap tweed, she pulls them with a hook through hessian. First transformed into wrapping paper, the bouncy texture and vibrant colours are captured equally well in card form. Living on a farm, Tennant's designs are inspired by looking out of the window.

It is partly the simplicity of her designs – a cat, sheep, pig or flowers – which gives the cards their charm.

Michael Ashpool, of IMAI Design, also uses a traditional craft, the Japanese paper-folding art of origami. He regularly makes trips to Japan to buy "washi", vast sheets of hand-made, silk-screen paper.

He believes that "an image must be simple and stand out". His first, and most popular design, is a miniature representation of the kimono, one of the most recognisable and colourful of oriental images. His range also includes a swan and butterfly, and can be bought at The Conran Shop (address below); The British Museum, Bloomsbury, London WC1; and The Japan Centre, Piccadilly, W1.

Individual ventures and contemporary designers are only one aspect of the card market. Galleries and museums, as well as reproducing items from their collections, are increasingly bringing out ranges to cover special exhibitions.

From the Design Museum: a cut-out card of a Fada Radio

The Victoria and Albert Museum, Cromwell Road, London SW7 2RL, has a large and varied card selection, ranging from reproductions of William Morris prints to hand-made cards by young contemporary artists.

They have produced a series of cards following the popular Fornasetti exhibition. Black and white designs feature the classic Fornasetti woman. Her smooth and expressionless face forms the head of a light bulb, a sun, or just her eyes and nose are encompassed in a winding ribbon.

Fornasetti's colour drawings, although blank inside, have "occasion" themes. "Paloni", which depicts a sky scattered with hot air balloons, is an ideal card for someone about to set off on a trip: "Brindisi", the striking image of a man and woman's arm crossing in the air, their glasses raised in a celebratory gesture, could mark an anniversary or engagement.

The Design Museum, Shad Thames, London SE1 2YD, has a small but excellent selection. Fold-out cards, created by Japanese architect Masahiro Chatani, depict simple shapes, scenes or buildings. "Dining Niche", a table and chairs, captures the intimacy of a dinner.

There are three-dimensional representations of the Taj Mahal, a multi-tiered wedding cake, and an abstract design entitled "Blocks". In contrast to this understated collection, is a series of cards celebrating product-design throughout history.

Each card is a bold cut-out. There is, among others, a pop-inspired Valentine Typewriter, bright red and toy-like; a Predicta Television, one of the most famous images of post-war industrial design; and a classic 1930s BMW motorcycle.

■ *Art Angels cards are available at Liberty of Regent Street, London W1; The Conran Shop, 81 Fulham Road, London SW3; The General Trading Company, 144 Sloane Street, London SW1; The Medici Gallery, 7 Grafton Street, London W1; and The Royal College of Art, Kensington Gore, London SW7.*

■ *Emma Tennant cards, published by Frederica Freer Greeting Cards, are available at: The General Trading Company; Graham & Greene, 4 Elgin Crescent, London W11; The Royal Horticultural Society, Vincent Square, London SW1; The Chelsea Gardener, 125 Sydney Street, London SW3; Dartington Cider Press (Devon); The Village Bakery (Cumbria) and the National Trust.*

TRAVEL

Fiddles, pipes and pubs in County Clare

Dowdy or not, any town with 19 pubs deserves serious scrutiny. ***Nicholas Woodsworth*** *was equal to the task*

Miltown Malbay is the kind of town people drive through to get somewhere else. Surrounded by hay field and cow pasture and rhubarb patch, it sits in the Irish county of Clare a mile or so inland from the Atlantic coast.

Not far away are the sort of attractions that draw busloads of sight-seers: to the north, the battered cliffs of Moher, to the south, across the mouth of the Shannon, the lush Ring of Kerry. But no tour-buses ever stop in Miltown. I only stopped there myself for the pubs.

Irish pubs are remarkable. To say nothing, for the moment, of what goes on inside them, they have a strong external visual appeal – half the arty postcards on Ireland's news-stands are of Irish pubs. It is not just that they are quaint and colourful. They demand a particular Irish genius, a flair for spontaneity.

Ignore the nylon bedsheets, the plastic flowers, the porcelain ducks on the wall, the framed, illuminated Jesus over the bed in your bed-and-breakfast room. The same disingenuous, naive, confident and quirky style that produces them finds its true expression in the Irish pub. Who can decorate in forthright pink and mauve and get away with it? Only the roadside pubs and fuchsia hedges in the west of Ireland.

The pubs of Miltown Malbay, though, failed to amaze with their façades. In fact, they seemed dowdy and deserted, in need of a window-washing and a coat of paint. Those with lace curtains seemed downright dusty. What was impressive was their number. No more than 600 people live in Miltown. Yet, scattered along its little high street – and far outnumbering such pedestrian establishments as M Lenihan's Hair Salon and Casey's General Drapers and Outfitters – are no fewerthan 19 pubs. Dowdy or not, any town with 19 pubs deserves, I thought, a looking into.

It does not take much asking around. Any citizen of Miltown will tell you that for a large part of the year most of these places are moribund; open, yes, but hardly busy. I stuck my head in one and withdrew it, disconcerted by the sight of one lonely white-haired drinker sitting in front of an empty pint glass. O'Briens and O'Donoghue's, Hillery's and Hennessey's, Cleary's, Clancy's and Cogan's, Tulty's and Tom Malone's, the Fiddler's Inn, the Armada Lounge, the Malbay Bar, all these and a handful more pubs survive, but only just.

Why so many drinking establishments in the first place? Not so long ago Miltown was a busier, more prosperous and thirstier town than it is today, a market centre that served a countryside of cattle farms. In the age of prolonged recession and EU production quotas, though, not even the greenest grass in Europe can guarantee prosperity. As in many chronically depressed towns of the Irish west that have failed to pick up on tourism, people have lost jobs, lost heart, packed up and gone away. It is nothing new; it has been happening on and off here ever since the potato famine.

Yet Miltown Malbay and its pubs hang on. In chatting over a large whiskey with Muiris O'Rochain, I learned a little about the Irish music that is keeping this town and its traditions alive.

Muiris is a cattle farmer, a tall, burly man with an outdoor complexion. Yet all his life, like many other people in Clare, he has had a second activity, an occupation that amounts almost to a calling – music.

In western Ireland, and in Clare particularly, traditional music – the setting of fiddle, flute, whistle, uilleann pipes or concertina to old songs and tunes – is more than a hobby; it is the vehicle that carries the memory of the past.

Nor is there any question about the power of Irish music to carry such a ponderous emotional load. In the high driving lilt of the fiddle or longing of the uilleann pipes there is something compelling, irrationally stirring. Like the best, simplest and strongest of arts, this is a music that draws on something far deeper than mere intellect. What makes it different is that it is the expression not of the individual but of the group. This is clannish music, tribal music, a racial recollection.

Walk into a pub where a roomful of drinkers are gathered near a table of fiddles going full tilt, or round a woman singing alone in sad lament and your tribal brain will recognise it for the old call it is. It will raise the hairs on the back of your neck and set your blood pumping.

Twenty years ago, Muiris told me, he was spurred to action by the death of his friend Willie Clancy, then Clare's best known musician. Like other admirers of things Gaelic, Muiris saw that the old ways were slipping through their fingers, that knowledge of Irish music was dying with the passing of each generation. So began the Willie Clancy Summer School, a link allowing the passing on of music to younger players.

Today it is a school of international repute, drawing 800 advanced musicians a year to intensive classes, lectures, workshops and recitals in Miltown. In their wake follow 6,000 enthusiastic non-enrolled musicians and music lovers who night and day crowd into every pub in town to exchange tunes, pick up techniques, and enjoy "the crack" – the good times that flow from music and beer and Irish conviviality.

When the sun shines, Miltown Malbay makes hay. For the short period the school is in session the town's bars, shops, restaurants and bed-and-breakfasts make a handsome turnover. Without the profits generated by the school, Miltown's economy, less resilient than its musical culture, would collapse.

If money is in short supply the rest of the year, music is not. On the evening I spoke to Muiris, I wandered down to Spanish Point, where in a pub overlooking the sea the Wolfe Tones were giving a concert.

Thirty years ago they were young firebrands, four hot-blooded musical militants from Dublin who could work a crowd to fever-pitch with republican songs of British oppression and the glory of Irish martyrdom. Today they are old firebrands, greying, red-faced, and tending to fat, but still together and still capable, through their music, of firing the emotions of Irish history.

During the evening the Wolf Tones missed no chance to denounce, musically, what between songs they called "200 years of the impoverishment of Ireland by British government policies". By the end of the evening, closing with *A Nation Once Again*, they had the younger and more athletic section of the audience swinging, literally, from the rafters.

But Irish music is not made by cabals bent on sentimentalising violence. At its best it is poetry, and in Clare its inspiration comes less often from violence than from the gentle world of bog and farm.

On the morning I met him, Junior Crehan told me he began composing songs simply by listening to the world as he worked around his farm – to the rhythmic sound of a mowing machine, or the huff of the West Clare Railway in the distance. Despite his name, Junior has silvery hair, tobacco-stained fingers and blue eyes that have turned milky with age. At 85 he is the respected doyen of Clare musicians; his jigs and reels have sent friends dancing across the great stone flags of his farm-house since the early part of this century.

Junior apologised for his sleepiness as we talked in his kitchen; the evening before, in the nearby village of Mallagh, he had played fiddle in Moroney's Bar with a dozen other musicians until two in the morning. That was nothing, he said; as a young man he had often played at country house dances until 7am.

"Some people thought we were crazy," he said, "but they knew nothing about music. It was in our blood. For us it was a religion."

Perhaps too much so. In the 1930s the Irish clergy, citing immoral behaviour among the young, pressed for the passage of the Dance Hall Act. It was a bill which brought the days of the great country dances to an end and provoked a long decline in traditional music.

Not everything from that period is lost. Traditional Irish music has undergone a great revival and, says Junior, never looked better than today. Best of all remain the late-night pub sessions that sometimes begin only when the blinds are drawn, the front door is locked, and the place appears closed.

In Friel's, a Miltown pub that is second home to local musicians, no matter how tough times get, you are likely to hear an impromptu session begin any time the Guinness begins to flow. If you wait long enough you will see music, stories and poetry transform themselves as the night draws on from simple words and notes into some kind of magic.

What I am waiting to see now is the week when a thousand fiddle and pipe players are let loose in the street of 19 pubs.

■ *Send inquiries about the 1994 Willie Clancy Summer School (July 3-11) to: Muiris O'Rochain, director, Scoil Samhraidh Willie Clancy, Miltown Malbay, Co Clare, Ireland.*

■ *Irish Cycling Safaris organises guided tours around the west coast of Ireland. It says the tours combine quiet country backroads with traditional Irish entertainment. The charge is £275 for a week, including bike hire and seven nights' b & b; add about £10-£15 per head per day for lunch and dinner. Inquiries: 7 Dartry Park, Dublin 6, Ireland, tel: 010-353-1-2600749.*

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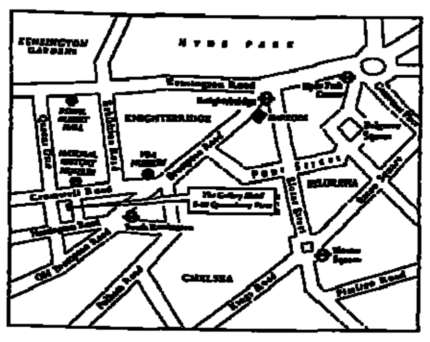

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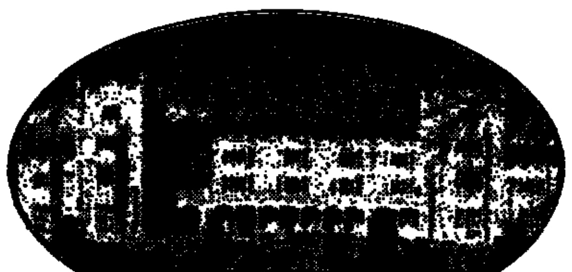

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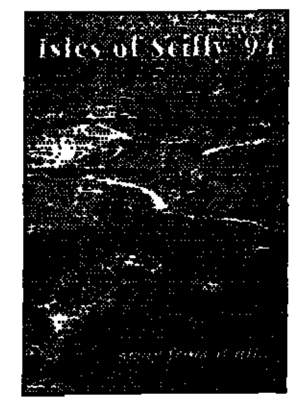

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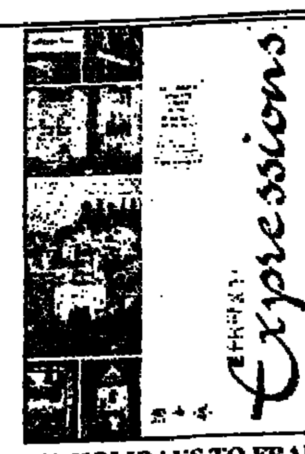

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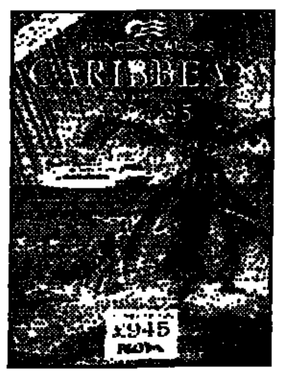

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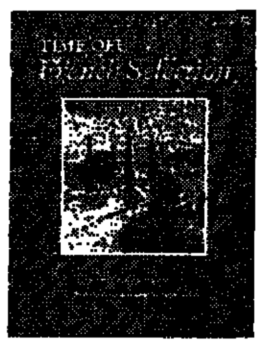

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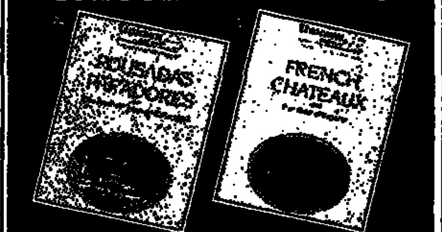

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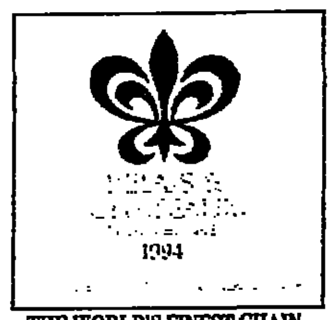

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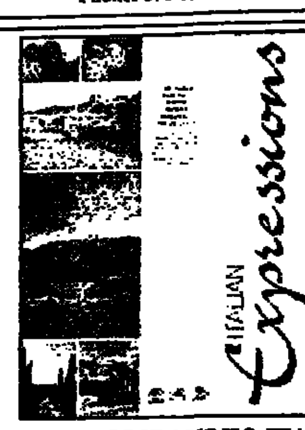

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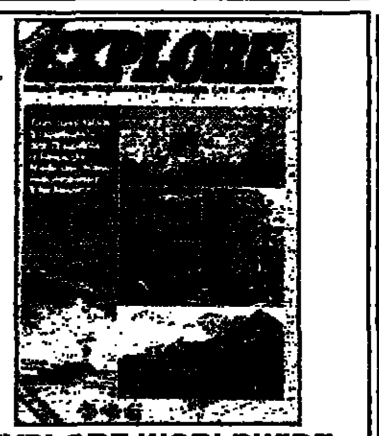

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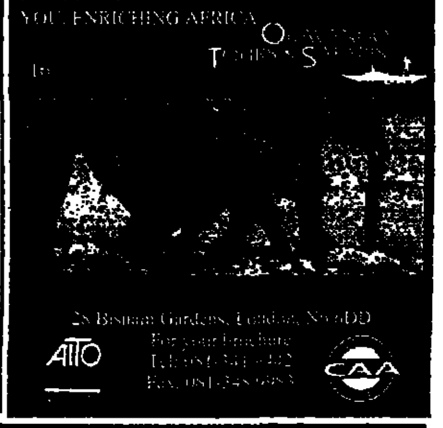

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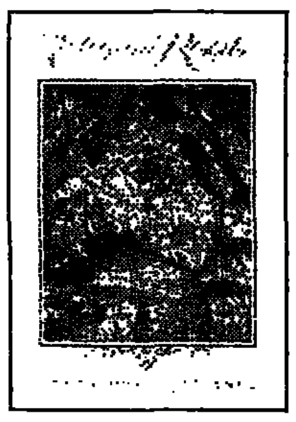

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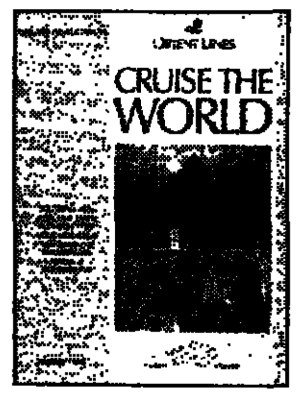

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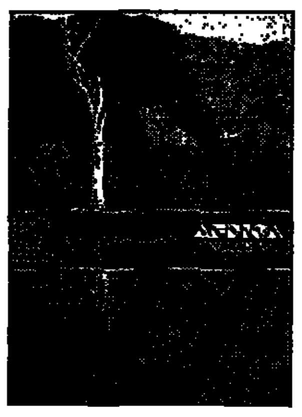

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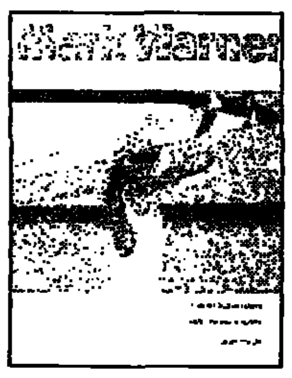

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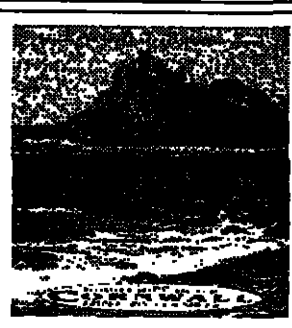

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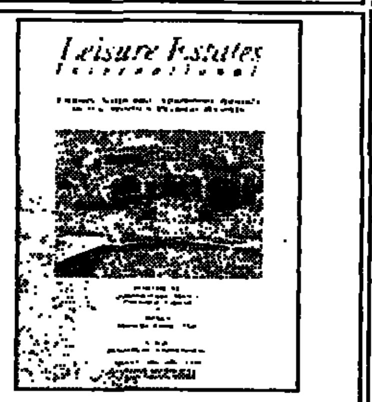

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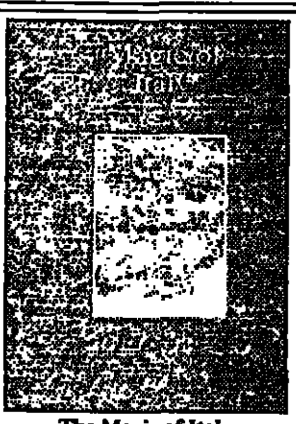

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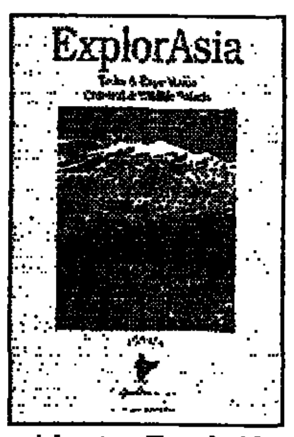

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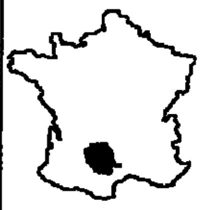

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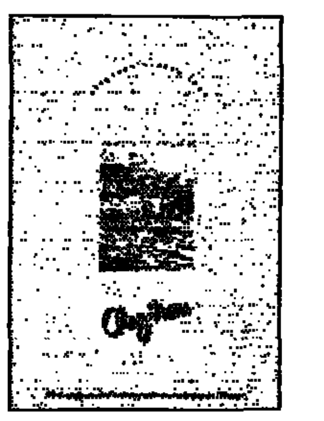

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TRAVEL

Nicaragua: waiting for the boom-time

Lizards, spiders and the owner's daughter joined Mike Bartram in his hotel bedroom

In rage and terror, the bull tore free of its captors, flew past me and rampaged out of control down the main street. The creature had been right to struggle, yet his heroic and violent resistance could not alter the fact that the last wooden building in the street, the slaughterhouse, was getting nearer.

He was not *really* out of control. The three young local farmers had simply loosened their grip on the ropes as their constant goading of the wretched animal finally became too much for him. It had taken them 40 minutes to drag him as many yards, slithering through the mud and letting out groans of anguish. He knew where he was going, and yet by charging at his tormentors he was playing into their hands.

Such violence and cruelty seemed incongruous amid the tranquil surroundings of El Castillo. The river bends at this point, and the jungle yields briefly to the pressures of 20th century agriculture. This minor event in the stately passage of the Rio San Juan is marked by a modest hill, crowned by the remains of a 16th century fort, a reminder that this part of southern Nicaragua was once a prize to be fought over by the world's foremost economic powers, Spain and England.

For centuries this wide, navigable river, which flows into the huge Lake Nicaragua, seemed the most likely place to build a waterway linking the Atlantic to the Pacific, although it lost out to Panama.

There is only one real street in El Castillo, the village the Spaniards built. It runs all the way along the river and round the base of the hill, and is lined with little wooden houses. There are no cars. The nearest road is in San Carlos, three hours away by motorboat. And San Carlos is hardly a transport hub – if you miss the bus you have to wait four days for the next one.

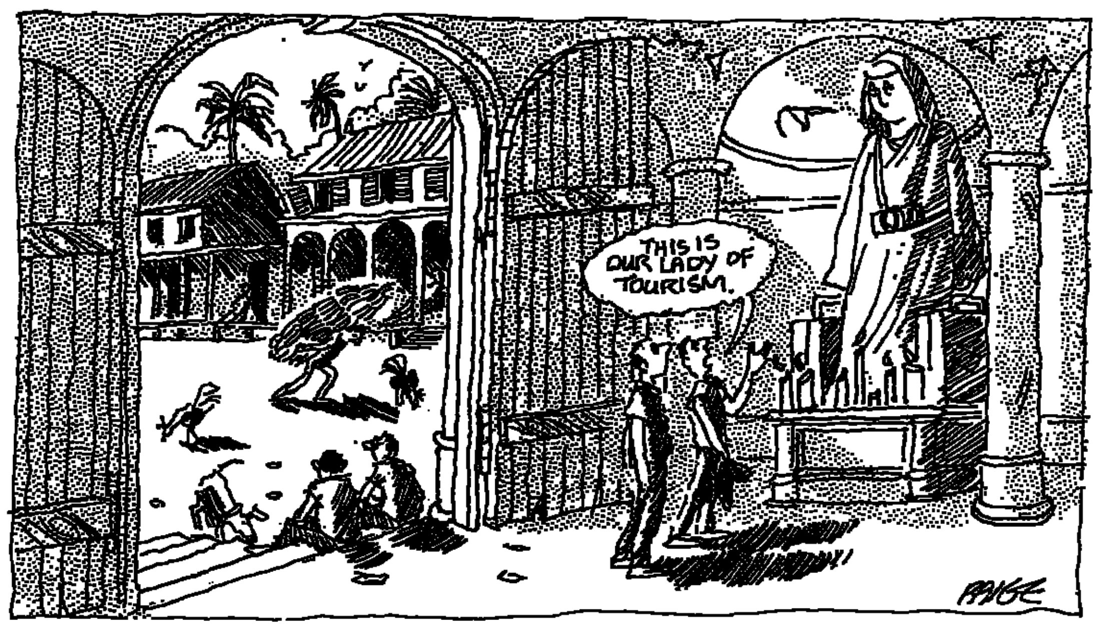
People do not go there much these days. Why should they? It is not on the way to anywhere, except the even more remote and apparently charmless Caribbean port of San Juan Del Norte. So I felt privileged to be there for its biggest day of the year – the day when the minister arrived from Managua to hand over formally the land titles to 400 families.

As the focal point of the village, the ruined fort was the natural choice for the ceremony. Much of its ancient stone had disappeared, for the time being, beneath swathes of blue-and-white ribbons and flags. Most of the grass had disappeared, too, beneath the feet of hundreds of flag-waving, placard-bearing peasant farmers, though enough of it remained to provide a brilliant contrast with the searing blue sweep of the river below.

The excitement had been mounting since the previous evening, with dozens of villagers of all ages making banners with upbeat messages of peace and reconciliation, or little flags in the colours of the UNO government. The sound system started blasting out uninhibited dance music from the top of the hill from 5am the following morning.

The crowds gathering on the hill were augmented by the arrival of a number of overladen river launches. A convoy of three helicopters, one containing the minister for agricultural development, added a final touch of drama.

Anyone who reads the national papers in Nicaragua will know how common these events are becoming. The authorities are not doing anything as dramatic as transferring ownership of the land to the peasant farmers; rather, they are legitimising their existing holdings.



And that is important in itself.

I enjoyed many long conversations with the locals; everyone wanted to talk. None of the people had great expectations of riches, or of changes in their lives. They believed in God, and in the importance of the family. They had limited ambitions – more and healthier food; better clothes – but they were not, generally, dissatisfied. Some people *did* want more, I was told, and had gone to work in Costa Rica, where wages are double those in Nicaragua. But not them.

I was intrigued to find that about half the households owned a television, although a set costs about the same as it does in the west – a king's ransom when you are on a Nico wage. But as an old man said: "It helps to pass the time."

I spent many hours watching the world go by: a man heaving load after back-breaking load of plantains down the street; dogs and chickens scavenging; children trying to play baseball with anything that came to hand, such as a crushed tin can; people sprinting for cover as drizzle turned quickly to downpour; communal singing in the two basic wooden sheds over the road, which they refer to as churches; the flirting of teenage boys from the *hospedaje* (cheap guest house) with the girls in the house opposite.

There are two places to stay in El Castillo – the *hospedaje* and a new tourist hotel. I spent most of my three days at the cheaper place. It started very promisingly: I was greeted by the friendly owner and shown to a lovely large, clean room with three beds, plenty of room for my things, and a window on to the veranda.

After a couple of hours, the owner asked if I would mind moving to another room. I watched in amazement as one of his daughters gathered up a handful of clothes from her cluttered bedroom, into which I was ushered.

I sat on the bed of this airless broom-cupboard of a room, and waited for her to return and remove the rest of her things; but no. Towels and dresses filled shelves and hung on hooks. Pop pin-ups adorned the walls. Perfume, piles of clothes and all manner of personal possessions littered the room.

All that was missing was the daughter. I pushed aside a sheet to reveal a 4in spider, which darted around for a while in an agitated state before making for the ceiling to join the lizards. There was no window; the room was about a third of the size of the other; the door did not shut if you were inside; and you could not switch the light on or off.

Such was the respect for my privacy that the first morning I opened my eyes to find the daughter, no more than a couple of feet away, rummaging through a pile of her clothes. When I asked the owner where I should put my things he said simply: "Put them on top of hers."

The Albergue Turistica, built with the help of the Germans, is the new face of tourism in Nicaragua. No need to pile your clothes on top of someone else's here. But there is a catch: it costs $15 against $2.50 at the *hospedaje*, and there is no atmosphere.

When I arrived at the Albergue, I was reminded of the huge, empty castle in *Citizen Kane*. A bearded Spanish gentleman finally emerged from the veranda overlooking the village and shook me warmly by the hand. He had obviously been caught off-guard by someone actually wanting to use the hotel.

"What have you got to drink?" I asked. He scratched his head and we went to the kitchen to have a look in the 'fridge. Same routine for lunch. He spent the afternoon in a business meeting, discussing ways of cashing in on the tourist explosion which, he felt confident, was just around the corner. All of the local farmers I spoke to were on his side, seeing tourism as the route to a better life. But they were not holding their breath.

Practical Traveller/**Angela Wigglesworth**

Self-catering in stately style

It was a cold and windy night as we drove along the country lanes around Bath, looking for our medieval moat house. And there it was, grey and stately, a fire blazing in the oak-panelled sitting room, grand piano in the hall, four-poster in the bedroom with a decanter of sherry and chocolates on a small table by the fireplace. The *en suite* panelled bathroom had a free-standing bath and sociable chairs.

This was our self-catering home for the weekend, the house once host to William III. It is now managed by Rural Retreats (tel: 0386-701177), a small company offering "roses-round-the-door" cottages to medieval mansions. Visitors are able to arrive and leave any day of the week, with a minimum two-night stay for most properties – a rare facility in self-catering, where Saturday-to-Saturday bookings are usually required.

The standard of self-catering accommodation in Britain has shot up over the past few years. It might still be a question of changing one kitchen sink for another, but there are microwaves, fridge/freezers, washing machines and driers in well-equipped kitchens to soften the chores. Several companies provide baskets of groceries, a bottle of wine and pre-cooked meals: Rural Retreats sends menus in advance to choose from.

In his English Country Cottages brochure (tel: 0328-851155), Rowland Hardwick certainly offers the stuff of railway enthusiasts' dreams. The company's properties, which are also in Scotland and Wales, include a former railway carriage (£160 for three nights) and a parcels office (£136 for three nights) both with living/dining room, bathroom, double bedroom and kitchen, at Horsebridge Station in Hampshire.

If you fancy an inshore lighthouse, Gothic temple, Victorian water tower, royal palace or converted pigsty, try the Landmark Trust (tel: 0628-825925), a charity set up in 1965 to rescue small historic buildings and open them to the public for short holidays.

In turn, 45 of the 200 National Trust self-catering properties (tel: 0225-791199) are in, or close to, trust houses, and visitors are free to wander round their sumptuous gardens when day visitors have gone.

Some companies stick to specific areas they can keep an eye on: Helpful Holidays (tel: 0647-433593) covers the west country, and its 400 properties include a thatched hexagonal gingerbread house, a former gamekeeper's home for six, a Napoleonic Fort for 20, with an 80ft living room and an almost-private beach.

Quality Cottages (tel: 0348-837873) covers the Welsh coast from Pembrokeshire to Anglesey and offers discounts for couples and families up to four.

Americans specify castles rather than big houses, according to Melody Macdonald, who runs Castles and Country Estates (tel: 071-373-1451). The English, she says, are more concerned with swimming pools, tennis courts and being within easy reach of somewhere else.

Her brochure is awash with castles packed with portraits and heirlooms. One, on a 500-acre estate with staff included, sleeps 25. She has properties in London, too.

If you want the freedom of self-catering without too much of the catering, try Budock Vean Country House Hotel near Falmouth (tel: 0326-250288) or Hell Bay Hotel, Isles of Scilly (tel: 0720-22947).

Longlands, at Cartmel in Cumbria (tel: 05395-36475) won the 1993 "Self-catering holiday of the year" category in the England for Excellence awards for its pretty courtyard cottages – the owners offer home-cooked meals, and free use of a nearby heated pool and spa bath.

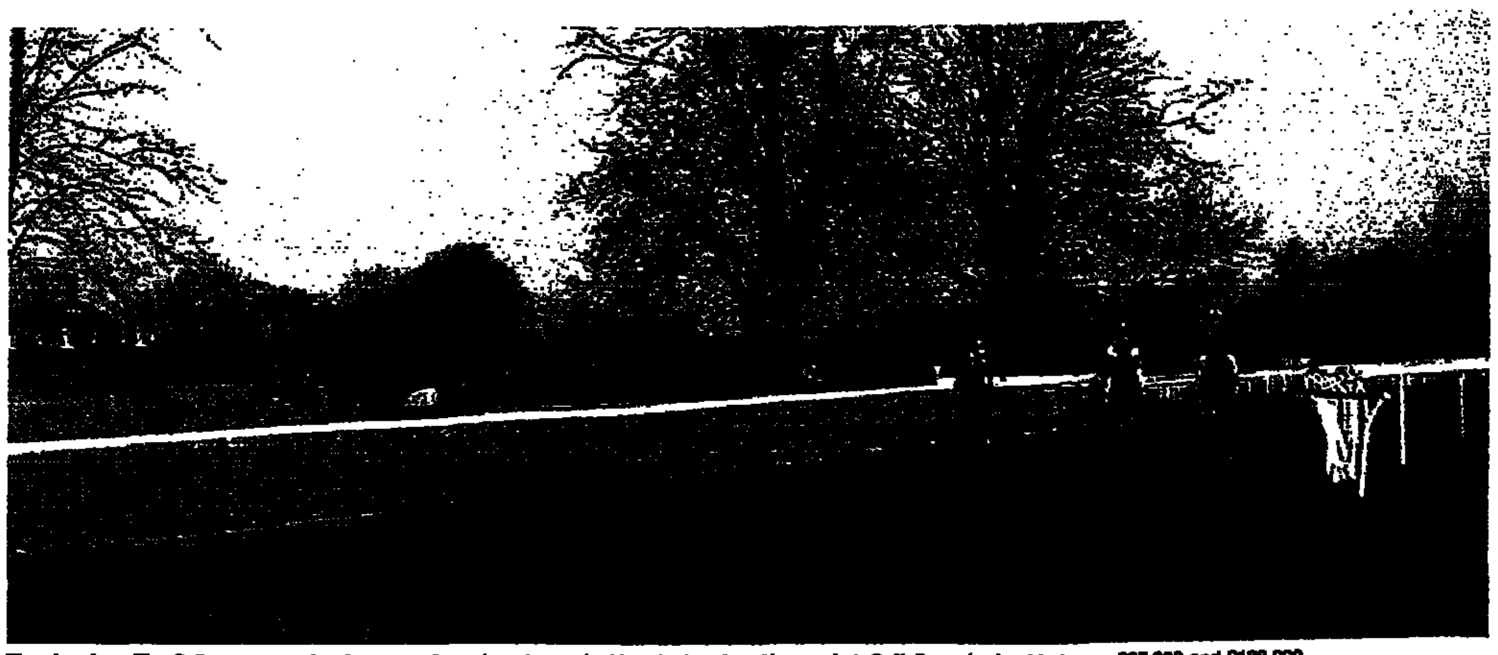
In London, the newly-opened Orion London Apartment Hotel (tel: 071-566-8000), opposite the Barbican Centre, has studios for two and apartments for up to four.

If you want to see before you choose, contact Brights of Nettlebed (tel: 0803-215595), which, to help you decide, sends a video of its three and four-bedroom houses with gardens and views in Torquay.

■ *Useful books:* The Good Holiday Cottage Guide, *£3.50, Swallow Press, PO Box 21, Hertford SG14 2DD;* Self-catering Holiday Homes in England, *£5.99 plus £1.60 p&p, English Tourist Board;* Self-catering in Wales, *£2.95, Wales Tourist Board.*

PROPERTY

For around £600,000: Grafham Farm, a stud near Guildford, Surrey, with 16 boxes and 48 acres of paddocks



The view from The Gallops, a new development of apartments overlooking the heath at Newmarket, Suffolk, and priced between £85,000 and £138,000

Back under starter's orders

Gerald Cadogan finds that demand is picking up for properties with an equine emphasis

For more than £1m: Arena UK, a palace among horse centres at Grantham, Lincolnshire. It is described as a "good commercial property"

The 1994 flat racing season began on Thursday in a happier horse world than 1993. This is not just the perverse optimism that owners, trainers, jockeys and punters need to survive in a chancy business, nor the success of the recent Cheltenham festival.

No, the signs are good. The December Tattersall sales at Newmarket were encouraging as prices for bloodstock beat expectations – if "from a low base", as George Windsor Clive, of equestrian property specialist Christopher Stephenson International (CSI), remarked – and more horses are in training.

Prices for horsey properties have stabilised, too, and breeders are starting to think again of buying stud farms although there is no boom in sight; prices must be reasonable to attract buyers. The Jevington Place stud farm (with 33 loose boxes) in East Sussex is now under offer, soon after CSI brought it back to the market, and will go for a sum well down on the original £1m minimum asking price.

In the south-west, estate agent Millerson reports that demand has picked up for horsey properties. Families look for five to 10 acres to go with their house and two or three loose boxes. Professional riders want indoor (or outdoor) rings and a yard with plenty of stabling.

Prices are attractive. In Devon, West Quither Farm near Tavistock (11 acres, four boxes, outdoor school) is on offer at £159,950; and Mews Cottage Farm near Okehampton (eight acres, eight stables, grazing rights on Okehampton common and riding on Dartmoor) at £165,000. On Exmoor, Tufters is for sale as a working business for over £300,000; it sends out out plenty of horses for hire for fox and stag hunting (the agent is named Stags, too).

Stud farms have been hard to sell in recent times as the only buyers are other horse people. These must have deep pockets or be able to call on backers – who, often in the horse world, fail to show at the moment of need. Those owners who are making their stud farms around Newmarket "quietly available" at £7,000-£15,000 an acre (through CSI) are probably wise to do so. The serious buyers will find them.

In Surrey, a stud on public offer is Grafham Farm near Guildford; it has 16 boxes, an indoor school, and 48 acres of paddocks plus house, cottage, swimming pool and tennis court – all for around £600,000 from CSI. The owner is selling to move her operations to a larger property.

Another that has been on the market for some time is Rookery Park near Nantwich, Cheshire (CSI, offers over £1m).

New on the market is Longfield Stud at Middleton Tyas in Yorkshire (near Scotch Corner, where the A66 separates from the A1), for which Lowther Scott-Harden asks £310,000. Nearby, overlooking the village green, is West Hall, a handsome Grade II house on offer for more than £495,000. The vendors of both are the agent's chairman and his wife.

Near Bury St Edmunds in Suffolk, West Stow Stud – in tip-top condition with 18 boxes – is for sale from Bedford for £535,000.

Equestrian centres is the modern, grand name for the places in which horses are trained in the skills of dressage and show jumping. Near Cirencester in the scenic Cotswolds, Crawshaw has 13 loose boxes and a fine outdoor school. The price is down from £325,000 to £295,000 (from Butler Sherborn and CSI).

In Scotland, John Bradburne is starting an equestrian property agency under his own name on April 6. An amateur rider under National Hunt rules (he rode at Cheltenham last week) and husband of trainer Sue Bradburne, he set up the equestrian side of Edinburgh agent Langley-Taylor in 1991. His new firm is taking that over.

One of his first properties is Myothill riding centre at Denny in Stirlingshire, with 24 boxes and eight paddocks for £225,000. Bradburne also offers to let Easter Kilwhiss Farmhouse near Ladybank, with six boxes, for more than £600 a month.

Arena UK at Grantham, Lincolnshire, is a palace among horse centres with frequent shows and a humming business: a "good commercial property," says Windsor Clive. Offers to CSI should be over £1m.

Its French equivalent, Cristal-les-Rangs at Ozoir-la-Ferriere, 15km from Euro Disney and 26km from Paris, is available for FFr19m (£2.17m). Some financing is available from a French bank.

In Yorkshire, Savills is selling Carr Hill House at Upper Cumberworth, near Huddersfield, with 17 boxes for £325,000. But if all you want is a base for hunting, Haddon Dale in Northamptonshire looks ideal: it is a late-Georgian hunting box close to the Warwickshire and Grafton hunts. It has four boxes and a sanded manège, six bedrooms, and three bathrooms to ease limbs tired from a day with hounds. Price: £390,000 (from Jackson-Stops in Northampton).

If polo is your game, Pendell Polo Stables at Shurlock Row in Berkshire costs £375,000 from Agnew or Hamptons. And if your goal is to own a saddlery, Savills in Cambridge is selling the Sandon Saddlery Company in two parts (at Sandon, Hertfordshire, for £350,000 and Holt, Norfolk, for £250,000). Combined turnover is £490,000. The company specialises in side saddles and western-type saddles.

And what is available for horsey folk who do not want to be too close to the muck and sweat? Across the road from Sandown Park racecourse in Surrey, Octagon is building Pemberton Place, a courtyard development with prices ranging between £245,000 and £345,000.

At Newmarket, Dencora is finishing The Gallops, 18 apartments where you can wake up to see the horses exercising on the heath from your bedroom window. The agent is Jackson-Stops: prices between £85,000 and £138,000.

You could, of course, choose the flat in the stable yard clock tower at Chippenham Park outside Newmarket (through Bidwells for around £79,500). The clock mechanism is in the attic.

■ *Further information: Agnew (071-221- 6252); Bedford, Bury St Edmunds (0284-766888); Bidwells, Cambridge (0223-841842); John Bradburne, Cupar (0337-810325); Butler Sherborn, Burford (0993-822325).*

Hamptons, Wokingham (0734-793006); Jackson-Stops, Newmarket (0638-662231) and Northampton (0604-32991); Lowther Scott-Harden, Darlington (0325-720 976); Millerson, Tavistock (0822-617243); Octagon, East Molesey (081-941-4131).

Savills, Cambridge (0223-322955) and York (0904-620371); Stags, Dulverton (0398-23174); Christopher Stevenson International, Newbury (0635-528585).

OUTDOORS

Farewell to a gardener of rare vision

***Robin Lane Fox** salutes a woman whose skills spanned two societies*

Gardens are wonderfully ahead of schedule and, like those of you who are starting out on a new site, I find myself beginning with plants up walls. Unlike you, I find myself thrown back on old memories.

Climbers are needing attention in this early season but, first, mine must pay a tribute to one of their great exponents. Last weekend, British gardening lost a special person when Alvilde Lees-Milne died in her 84th year. She was the wife of architectural historian James Lees-Milne; co-editor of the best-selling *Englishwoman's Garden*; and herself the maker of two post-war gardens of rare distinction.

Neither a climber nor a rambler, Alvilde had spanned two different societies, southern France and post-war Gloucestershire. Nowadays, expatriate English export their own taste to their enclaves in France, but Alvilde stood for a subtle and opposite approach. She absorbed French style and formality, not merely in gardens but also in fashion, and tempered it to her later life in the western Cotswolds.

Her mental vision of a garden was unusually Anglo-French. I remember our first encounter, from which I inferred (wrongly) that this old rose was waiting to show its prickles. Are you the young man who likes tree lupins but does not like herb gardens, she asked me. You should learn to like herb gardens and dislike tree lupins.

Several of us were standing round over cocktails, having just won prizes for writing books, and I had no idea that my apt deflator was herself the owner of Britain's most stylish herb garden and had stood her ground aesthetically in many exchanges with Vita Sackville-West, with whom she had been an intimate friend. The Sissinghurst which you like so much, Alvilde told me firmly, is no longer Sissinghurst: these days, it is much too tidy.

This was in the mid-1970s and she was planning to move from her big garden at Alderley Grange to something smaller, colder and much more limited. She found it at Essex House in Badminton, Gloucestershire, where she made her superb second garden far more quickly than I, meanwhile, made my first.

Not only did she have a marvellous eye for climbing roses and vertical plants but that eye also valued a strong, formal framework, clipped in box hedging and topiary patterns long before Sir Roy Strong championed this style from a vantage point even further west. Only within this firmly-controlled framework did she let plants have their way, the English aspect to her Anglo-French aesthetic.


Clematis Armandii: climbing to spring glory
The Garden Picture Library

At Sissinghurst, the female eye was more Oriental and romantic, whereas the firm framework came from the male half of the partnership. In Gloucestershire, Alvilde was every bit a match for her architectural partner; she did not want an unstructured feminine paradise and, on subsequent meetings, I came to realise that what had first sounded like coldness or even sharpness was, instead, a shy and exact reflection of this formal sense which showed in her view of a garden. She never relented on tree lupins, though.

From Alvilde, I learnt to spread wall shrubs and young climbers on to a fan of long bamboo canes set against a wall, one for each young shoot. The stems will then grow apart without criss-crossing and will give you an open, well-furnished spread. Against her principles, however, I have also learned to bring back untidiness by never planting one climber when two will do.

This weekend, when you buy the best of all climbing roses, the pale pink New Dawn, or agitate about the elusive white rose Sombreuil (which, Alvilde said, was neglected unjustly in England), remember to buy a later-flowering clematis and plant it beside each rose.

The blue Perle D'Azur, or the small-flowered Viticellas or Texensis varieties – even The President, which comes earlier – will grow up through the roses and give you the further season which most books ignore.

I have been slow to recognise the possibilities here, but they go beyond clematis and roses. I now have a climbing solanum scrambling through my favourite evergreen on walls: the cream-variegated Rhamnus, which also was a Lees-Milne favourite. The scarlet Eccremocarpus will scramble up through a climbing hydrangea.

I have late-flowering clematis through the spring-flowering evergreen clematis Armandii. And I now mix wild sweet peas into the lower reaches of the yellow-flowered clematis Bill Mackenzie, a star turn on a sunny wall (which you can cut back this weekend to within 3ft of its base).

Double up: break the rules and extend the season. Even rose Sombreuil is an admirable host for the vigorous clematis Jackmandii if you do not prune the clematis too hard, so encouraging it to reach above the rose and flower over its head. Once you begin these combinations, you will find that you double the scope of your house wall.

My vision of the next 10 years is one of gardens in smallish spaces, planted in great (but selective) profusion, which break out from a slight framework of green hedging and edging; Sissinghurst, perhaps, as Alvilde knew it in its owners' later phase.

She might have wished for a clearer continental outline; but then, I still like those tree lupins – and I have to say that I have never liked any herb garden except for hers.

Heritage/**Clive Fewins**

When a chapel is made redundant

It is not just Britain's fine old parish churches that have had a hard time attracting congregations in recent years. Many nonconformist chapels find themselves in the same position.

However, to some eyes, not many of the 4,000 chapels that are listed buildings are as architecturally appealing as their Anglican counterparts. This means plans to make them redundant, in the same way as churches, have to be tempered with the fact that few would be likely to attract a steady stream of visitors.

Generally, most chapels that are declared redundant are put to other use. In a small number of cases a building has been considered to be of such architectural merit that to convert it into a house or business premises was deemed inappropriate. Most of these higher grade buildings are recognised by having a grade I or grade II* listing, which in itself presents a problem.

If the building is a fine one, but no longer in demand for its original purpose, what do you do with it if you are not allowed to convert it to another use?

Since last summer this problem has been laid at the South Kensington door of Jennifer Freeman, a former secretary of The Victorian Society, and the first director of the Historic Chapels Trust for England. She has the task of finding teams of local "friends" willing to take the finest redundant chapels under their wing on a care and maintenance basis and to arrange for groups of visitors to tour them when they wish.

Occasionally, this meant formalising an already existing arrangement. But in the case of buildings such as the Friends Meeting House, at Farfield near Bradford, West Yorkshire, it is very different. The chapel, a grade II* stone building built in 1689, has not been used regularly for religious meetings since the beginning of the last century. In 1957 three members of the congregation bought the building to prevent it from being converted into a house.

They are now elderly and have agreed to hand the building over to the trust, which will arrange for a new set of carers to take the building under their wing.

A similar case is the splendid Unitarian chapel at Todmorden near Halifax, West Yorkshire. This is a grade I listed building dating from the 1860s capable of seating 450. For many years services were held in the nearby church lodge, which was large enough for the average weekly congregation of between 20 and 30.

Two years ago, however, the congregation was disbanded and the trust, soon to be owners of the building, has the task of finding a group of local volunteers that will care for it.

The other two buildings likely to be acquired this year are Walpole Chapel, Suffolk, a 19th century Congregational building closed more than 20 years ago, and the Baptist Chapel at Cote, near Witney in Oxfordshire. Both are listed grade II*. The Cote chapel dates from 1604 but has not been used for regular services since 1980. The local congregation worships at a newer building in a nearby village and has great difficulty maintaining the old chapel.

As well as nonconformist chapels the trust is hoping to take on a handful of Roman Catholic chapels of architectural merit that are no longer used for regular worship. Freeman would also like to add a synagogue to the portfolio.

The trust receives an annual grant from the Department of National Heritage.

It has also launched an appeal to assist with its work which has attracted sponsorship from several large companies. Individual membership of the trust costs £10, joint membership £15, and life membership £250.

■ *The Historic Chapels Trust, 4 Cromwell Place, London SW7 2JJ. Tel: 071-589 0228.*

Salmon fishers are superstitious beings. The approach to a new fishing pool provides signals, salient indicators. When I asked in the tiny Irish village of Killavullen for river-keeper Frank Maher, they said: "He'll be on the island; he's always there." A salmon beat with a resident keeper holds promise.

The physical approach consolidated this. You drive a curving avenue of superbly lofty beeches. The track drops into a boreen, or rough lane, and from here I could detect, across the River Blackwater, through the foliage, an aquamarine parasol, high-up.

But what could be more natural than a parasol under which to eat lunch? By some occult premonition Frank had this repast just laid out.

Lunch – lettuce and spring onions, grown by him on his island of course, plus a pork-hunk – was served in his hidey-house on stilts, under the parasol, and a bottle of whiskey was plonked down beside. His pet robin watched on the rail. Frank, the complete ghillie, had rods, personally tied flies, and, in the eventuality of me failing to deliver, a frozen salmon to take away.

As you may have guessed, Frank Maher is a central part of fishing this beat. The extraordinary workload he puts in here is, in his words, convalescing. For Frank is a retired building foreman and has 10 children. It says something for him (and of Ireland) that nine of these have settled with their spreading families all around him in this luxuriant, mellow corner of county Cork.

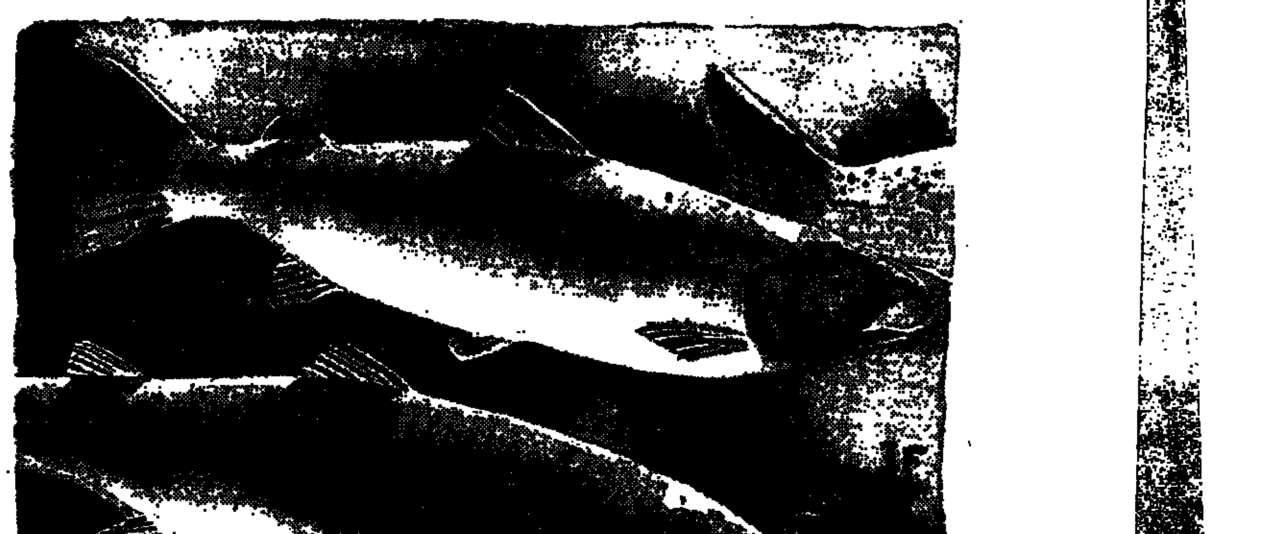
His voice is like a faraway train in a tunnel, and throaty with cigarette-intake; his face brown and seamed. His all-round ghillieing service includes cooking breakfast while you fish the dawn-pool.

Grubbing, as Frank called eating, was followed, while resting the fishing pools in mid-afternoon, by pulling, known elsewhere as drinking stout.

After two days of this, repairing late through the leafy lanes to my hotel, I felt as if Frank and I had been on his island for a week.

The fishery? I nearly forgot. Old fish slept in pools, even when Frank rolled worms down into their murky lairs. Grilse showed. One kept splashing in a resident spot, slowly skipping.

The water-surface over it was not only flat, but very slow, making all advances futile. Frank intended to remedy this supreme irritant by adjusting a dried-out channel



Fishing/**Michael Wigan**

Old fish sleep, and man wreaks havoc

which ran through his island and was presently blocked by rocks. This would quicken water gliding over the lie.

There had been a silage spill on the Blackwater a short way upstream, and to this we attributed our lack of luck. By day three, the perpetual misty rain had slightly lifted the water-height, and by the time Frank had done his stuff in the frying-pan, two grilse were on the bank. He was jubilant, presenting me with the fishing book to enter them immediately, in case we caught so many later we would lose count.

It all had to end. I consumed my last sausage and Frank and I adjourned to his local in Doneraile to do some pulling. The landlord, deadened by tales of vanished Blackwater salmon, listened in amazement when Frank told him he had been frightened by runs of fish vaulting past him, and had stepped aside to let them pass.

Frank retired to the bosom of his township-sized family and I headed west for the River Slaney in Wexford.

This proved to be a river more talked about than fished. Slaney is the name mentioned after Blackwater in Irish fishing – or it used to be. Once Ireland's best spring river, the Slaney is dying. Catches have started to decline sharply. On some beats the run is only just detectable. Two of the best traditional 200-fish beats only managed to creep into double figures this year.

Aided by Lar Kenny, a ghillie of 38 years experience, and others, I built up a portrait of woe. Kenny knows fish and he maintains that, in retrospect, the signs of fish distress showed long ago. The salmon stopped their characteristic dolphin-action "head-and-tailing"; they ran through pools they should have stopped in. Sea trout entered the river only just prior to spawning, then vamoosed again. Water quality continued deteriorating.

'It is a war which officialdom seems content to lose'

As sheep stocking increased in the hills, riverbank grazing intensified and clear, gravelly beds became weed-matted and blackened. Young fish lacked vital oxygen, and a current study reports 14 traditional nursery areas devoid of fish life.

As the salmon stock came under environmental pressure the awesome abstractions from 75 bag-nets in the 14-mile long estuary increased. Political pressure from the netsmen, protesting at low catches, resulted in an extended season.

Meantime it became clear that, for a variety of political reasons, the heavily-mortgaged fishing-boats working off Donegal would continue their illegal drift-netting for salmon without effective restraint. Efforts to improve the marine fisheries protection service were met with an escalation of intimidation and violence. It is a fisheries war which officialdom seems content to lose.

The Slaney salmon, which has survived the obstacle course in salt waters, now ascends its home river to find, half-way up, an imperfectly-functioning fish-pass attached to a Jerry-built weir. Out of this private hydroelectric scheme comes only pitiful quantities of electricity. For the rare survivors which pass the weir in a flood there is the prospect of being speared under nightlamps while laying eggs in the spawning-beds (redds).

The ingenuity of wickedness is educational. The over-extended bailiff-force does manage, in autumn, to visit the upstream redds. But while the bailiffs supervise, red and inedible spawners were being pinioned and perforated by pitchforks elsewhere.

Poor Slaney, with its swans and kingfishers and otters and beautifully-coloured riverbed; with its backdrop of verdant fields which lean into the bluey, faraway hills. What man in his furious cycle of pilfering has done to your natural richness.

■ *Michael Wigan stayed at Springfort, near Hall, near Mallow, in Cork, and the Slaney at Ballinkeele House, Ballymurphy, Wexford. His flight was arranged by Aer Lingus.*

SPORT

The Boat Race/**Phillip Halliday**

Precision is the Cambridge hallmark

Oxford are underdogs but do not write them off – they have achieved the improbable before

Cambridge training on the Thames: eight blades come down to the water as one

Michael Stephens, Press Association

A boat race poster in the rowers' gym on the Iffley Road in Oxford asks: Can Oxford ever win? Until last year's race the poster's inquiry centred on Cambridge but after Oxford's defeat, a perceptive Dark Blue rower with a sense of humour changed it.

It was a gesture that marked the end of Oxford's dominance in the varsity boat race. Before last year's Light Blue victory, Cambridge had won only one race in the last 17. Oxford had a stranglehold on the Beefeater trophy that threatened impartial interest in the race.

Furthermore, Cambridge seemed impotent in the face of such superiority. However, this year Cambridge are the stronger crew and will start the race today at 12.30pm as hot favourites. What changed?

The tide began to turn before last year's race and the change was obscured as Oxford pulled out a couple of remarkable victories against the odds. The Dark Blue wins in 1991 and 1992 masked some frailties. The Oxford crews were big and strong but their technique looked heavy handed. Recent Oxford crews have struggled in the last month before the race and have relied on Mike Spracklen, a renowned international coach, to wave the magic wand in the final two weeks. However, Spracklen and his wand are missing this year.

Nothing epitomises the change between the two camps more than their approach to coaching. Cambridge have had only two head coaches in the last five years while Oxford have changed head coaches every year for four years. The Cambridge crews have benefited from the consistency.

They row with a precise and fluid style. It is a style often found in top lightweight crews that cannot substitute size for skill. Eight blades come down to the water as one at the catch and emerge smoothly from the water at the finish. The Cambridge style was pronounced in a recent race with a potential Great Britain eight, rowing as Leander. The Light Blues left the internationals wallowing four lengths adrift. After that encounter, Brian Armstrong, director of international rowing in this country, described Cambridge as the best varsity crew he had seen, worthy of a world championship final.

Oxford's coaching difficulties exploded in their faces last weekend. Richard Tinkler, head coach, and his assistant, Tim Bramfitt, were asked to step aside in the final week to allow Fred Smallbone, former Olympic oarsman, to take over.

Tinkler and Bramfitt took this badly and after a public argument between them and the crew on the towpath they retreated in a huff. Oxford, it was argued, needed a fresh face and voice. Something new to lift their confidence in the last few days. The two coaches saw it differently and felt this was scant reward for six months very hard work.

The hub of the dispute is a clash of personality between Tinkler and Jo Michaels, a former Oxford boat club president who is preparing for his fourth boat race. Tinkler saw Michaels as disruptive and said he was becoming an anchor on the boat. Steve Royle, director of Oxford rowing, called for a vote of confidence in the coaches, which went 8-1 in the coaches' favour. The lugubrious Michaels, moving to protect his seat, was the only dissenter. Strangely, the Oxford camp then decided to go for Smallbone.

Some of the Oxford rowers are as confused as Tinkler and Bramfitt – who have been told they are very much part of the set up and have done nothing wrong. On Monday, the pair sardonically sipped coffee from the boathouse as they watched the Dark Blues take to the water.

Ten yards away, Cambridge exuded inner harmony. Their coach for the run-in to the race is the New Zealander, Harry Mahon. The tanned and bearded Mahon looks as if he has just come from an Antarctic expedition. He stresses movement and rhythm to his charges who reward him with a silky smooth style with subtle changes in gear and speed.

Mahon is coy about Cambridge's alleged superiority: "It might be more interesting than the pundits are saying. Oxford have moved up a notch." He constantly returns to movement as if he were a choreographer and uses analogies from the dance world. "Moving like hell, instead of pulling like hell, using movement to put more power on the blade."

Cambridge have trained harder this year with outings frequently lasting up to 110 minutes and hour-long ergometer (rowing machine) sessions.

Martin Haycock, last year's winning cox, is back in the driving seat after an earlier de-selection. He will not be drawn on today's outcome: "In theory, this boat is faster than last year with a very fast base speed. We have four of last year's crew plus the cox, that really helps."

However, Oxford have responded well to the recent troubles. Steve Royle's calming presence has influenced the crew who have improved markedly. Oxford are relishing the role of the underdog and plan to capitalise on any Cambridge complacency. Oxford have done the improbable before and should not be written off.

Motor Racing/**John Griffiths**

Is this grand prix's saviour?

The flag rises on the first season with a 'technology ban'

Max Mosley, president of motor sport's governing body, in his London office

Trevor Humphries

Max Mosley may have saved grand prix from itself. When the cars line up for the start of the Brazilian grand prix at Interlagos tomorrow, they will no longer have on board highly complex electronic systems which have been painstakingly, and expensively, developed by the leading teams.

Out go traction control, anti-lock brakes and "active" suspension systems under the "technology ban" which Mosley has orchestrated in his role as president of the Federation Internationale de l'automobile, the Paris-headquartered motoring organisation which is also the world's governing body of motor sport.

Inevitably, there have been grumbles from front-running teams such as Williams and McLaren, which have invested so much time, money and effort in them.

But, in the small Knightsbridge office which serves as the FIA's London base, Mosley – former racing driver and March racing team founder – this week painted a startling picture of just how far the technology had already gone in taking control of the car away from the driver, and why the authorities felt they had no choice but to intervene.

The logical consequence of the route the technology was taking, he maintains, was the virtual disappearance of the driver's role – and with it, sport administrators feared, spectator interest in what would have become a life-size Nintendo game.

"This trend is already happening with road cars, which are becoming more and more self-driving, and this is a good thing because it will reduced stress and road accidents.

"But there was a device in use (in grand prix) last season in which, when the red lights turned to green, the driver would press a button; the computer would maintain the engine at optimum revs; it was the computer which depressed the clutch, engaged first gear, let the clutch out, stopped the wheels spinning, changed up to second gear when necessary, then into third and so on. All the time, although spectators weren't aware of it, the driver would just steer, thereby eliminating one of the great skills of racing."

Without the ban, this year would have seen the introduction of a sensor to watch the start lights. "When they went to green it would have started the whole process automatically, without the driver even pressing a button."

And that, says Mosley, was just current stuff. Coming along was technology which would steer all four wheels so that if you went into corner too fast and slid, the computer would sort it out. Provided the driver didn't make a fundamental misjudgment beyond the laws of physics, it would turn any driver into a Senna.

"Endless similar things were coming. And we thought that if we allowed these things to continue, we would fairly quickly eliminate the driver. One skill after another would go until, in the end, almost anybody would be able to drive the car. It's all technically fascinating and very relevant to road cars – but we felt it would destroy an essential element of grand prix racing," said Mosley

However, the widely-held perception that grand prix is turning its back on technology *per se* is wrong, he maintains. "The car can still be as high-technology as you like, and that is the way Formula One should be. The only caveat is that it must not replace the driver."

After lengthy discussion of the detailed regulations with teams and the Formula One Constructors Association – led by FIA vice-president Bernie Ecclestone – Mosley insists: "No team is going to Brazil in any doubt about what we (the FIA) think on any issue." Mosley and Ecclestone say there will be harsh penalties for any team that seeks to use the technology surreptitiously.

One hoped-for result from the ban is that: "in a given car the best driver will be able to demonstrate his superiority".

Thus when the lights go green tomorrow drivers will be competing more evenly than for years.

With recent world champions out of the running with Alain Prost confirming his retirement and Nigel Mansell racing for a second year in IndyCars, the questions are endless: will Damon Hill really not be intimidated by his new teammate at Williams, the ruthless, three-time world champion Ayrton Senna? Will Mika Hakkinen, the young flying Finn, be able to mount an effective challenge in the McLaren-Peugeot? Is this the year that Jean Alesi finally brings Ferrari back from obscurity? Or will the hard-charging German Michael Schumacher give Benetton its big break?

But it will be what happens further down the field which will be almost as important for Mosley. The technology ban, he hopes, will give a break to the smaller teams for whom developing such technology "would have been ruinous in the current economic climate."

Grand prix teams cost what Mosley himself acknowledges as "horrifying" amounts to run. "To be in with a chance of finishing in the points a team needs not less than £10m, and to run at the front they would need £30m – that's plus a deal with a major engine manufacturer."

Even with the technology ban it will cost any team £6m-£7m just to get on to the back of the grid and keep running. "But if we'd kept on going the way we were they would have needed more than £10m."

Another positive effect of the partial technology ban is that it is already encouraging new entries. Two new private teams, Simtek and Pacific, have already signed up and Mosley maintains that Peugeot has come into grand prix only because of its new-found stability.

At least two more large European manufacturers – names circulating around the grand prix world are BMW and Audi – are expected to join as early as next year, and Honda is also expected to return with its own engine and car.

Mosley accepts that for the leading grand prix teams, the technology ban has been very annoying.

"But we must bear in mind that grand prix research is on a very broad front and that what we've banned is a very narrow bit. All the rest is usable. You've only got to look at how much faster the cars are already, even without the banned technology, because there's been such an enormous amount of research on aerodynamics, materials, chassis dynamics and engines."

Cricket/**Teresa McLean**

Survival when winter stops play

Next month the English cricket season starts. Hoping to get some of the hard facts of life out of the way before that happy time, I set out to try and understand how county cricket clubs earn their money.

By now, most first-class cricket clubs have published their accounts for last year, before starting the season with new determination. Sometimes the problems are old ones, such as Derbyshire's propensity for financial torment. This led them to a record loss of £120,000 last year and their chairman's departure.

But, more often, records were on the profit side, even in the most unexpected places. Gloucestershire, for instance, had a year rotten with defeat, finishing 17th out of 18 in the county championship – but ripe with profit, to the extent of £49,050, as the secretary, Philip August, told me jovially.

Gloucestershire, he said, had three main sources of income. Biggest by far is a grant from the Test and County Cricket Board. I knew the TCCB subsidised the counties, but I thought I had better hear some individual survival tactics before hearing about the ones at central office. Besides, the Gloucestershire officers were keen to describe their affairs a bit more colourfully.

"We can afford to be a bit more cavalier now," said August, assuring me that cavalier meant enterprising. Gloucestershire is still a sensible county. One example of enterprise is that its coaches want to give the players a first-aid course ready for this summer and, instead of dismissing the idea out of hand, officials can now afford to consider it. Perhaps Courtney Walsh will learn to resuscitate his victims on the follow-through.

On the sensible side, Gloucestershire rents out the new pavilion at the Phoenix County Ground in Bristol, whenever it is not in cricket use, as a venue for dinners, weddings, conferences and other functions. Financially, this is a contributor to Gloucestershire's second biggest source of income: commercial operations.

Third, and smallest, is cricket itself. Only 12 per cent of the club's income comes from membership fees and gate receipts. "It's sad that's all we get from people actually watching cricket, but that's how it is," said August.

Some 60 per cent of all Gloucestershire's cricket earnings comes from the 10-day festival at Cheltenham – consisting of two county and two Sunday games, attracting local business support and sponsorship. Quiet, outlying games make a nice change but they do not make a nice profit. That is why most counties centre their cricket on fewer grounds with every passing year; it is cheaper and easier that way.

But the complications of cricket finances show how strongly the counties have retained their distinctive characters.

Warwickshire's Andrew Wilkes told me that using Edgbaston for county games did not just make a little money – it lost money.

"By the time we've paid all the staff needed at a huge ground like that and got everything ready, it seldom matches up to what we take from a few hundred spectators," he said.

Derbyshire, by contrast, has always depended heavily on gate receipts, especially from the county ground. This season home matches will only be at Derby and two other venues: Ilkeston and the festival ground of Chesterfield. The county blames a lot of its money troubles on the four-day game reducing the number of fixtures. Top priority is to attract people into cricket, to watch and to play and, so, to make money for the club. It is long-term, hopeful planning and it delights the club's first woman committee member, an energetic Derbyshire nationalist called Liz Hill. One example is the improvement of facilities for children and families at matches.

A group of players and officials will tour the whole county, fundraising and demonstrating the joys of cricket. Back at base, the Derby ground does not earn money in the winter so much as look after its core of intrepid supporters, with regular meetings and meals.

Financial troubles must not be allowed to weaken the county's traditionally-strong community spirit. Glamorgan has gone one step further and combined community spirit with patriotism, greatly to its advantage.

The counties use a variety of methods to raise money during the close season

"We cashed in on a tide of Welsh nationalism, after some low years. Our brave committee cut the membership fee from £45 in 1992 to £15 last year and our membership shot up. So did membership income, from £88,800 to £172,500; last year we made our first operating profit since 1977," says marketing director Tony Dilloway.

The TCCB favours initiative, especially if it works, and rewarded Glamorgan's rise from 14th to third place in the county table last year with a generous grant. Glamorgan does not own its main grounds but rents them for a fixed number of playing days each year. The staff spend the winter recruiting support all over Wales: they have no time for commercial operations. "We get our money from cricket, not hospitality boxes."

Just to complete the assortment of different approaches to cricket finances – Warwickshire told me proudly that its record profit of £289,024 last year owed much to the Edgbaston hospitality boxes. They are sought after as prime places to watch cricket, do business deals and lap up luxury.

The people who run Warwickshire are realists. They know they depend on their commercial operations, which they see as intrinsic to modern cricket. A fair share of the large sum they received from the TCCB last year had been paid to the TCCB by Warwickshire in the first place. Test grounds put the profits from test matches and one-day internationals into the TCCB's "pool", the central source of supply for all the first-class cricket clubs, including minor counties, according to their size and needs.

It is a kind of Robin Hood system, designed to keep the county system going. Such credit was given by all the counties, rich and poor alike, to this time-honoured system, with its newly-increased resources, that I felt almost uneasy.

I talked to the TCCB's chief accountant, Cliff Barker, who was amiable, happy to agree that the TCCB had made more money in the last few years, but less happy to give details of how it had achieved this. "Mainly from English home matches," he said, adding that last year test match crowds worldwide were falling, but in England they rose 22 per cent, in spite of defeat by Australia.

He attributed much of this to Sunday play in test matches.

"Another bonus we have now is in the bigger broadcasting fees resulting from the BBC having to compete with rivals Sky TV." I asked him if he liked Sky's cricket coverage. "I like the ending of a monopoly," replied Barker.

The TCCB is the sole organiser of all the sponsorship deals for test and one-day internationals, redistributing its earnings around the counties. Barker assured me that the counties were free to spend their "pool" money as they liked; only the buying of players was controlled, by a board of all the teams.

County cricket is big business and it is run as a big business in order to survive. But only honour is more important than money if the traditional nature of the game is to thrive.

Chess No 1,014

1 . . . Rxe6 2 dxe6 Bxe6 3 Bg4! wins. The game ended d5 4 Bxe6+ Qxe6 5 Rc5 Kh8 6 Qxd5 Qe7 7 Bd4 Resigns. Slightly better is 3 . . . Kf7 but 4 Bxe6+ Qxe6 5 Qxe6+ Kxe6 6 Rc8 Kd7 7 Rb8 will win.

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Walking the Dog. 7.50 Galaxy Goof-Ups. 8.15 Chuckievision. 8.35 The Flintstones. 9.00 Live and Kicking. 11.42 Weather.

11.45 Grandstand. Introduced by Steve Rider. 11.45 Boat Race Preparation. 12.30 Boat Race: Oxford v Cambridge. 1.00 News. 1.05 Football Focus. Preview of today's FA Premiership matches. 1.25 Racing from Newbury: The 1.30 Lambourn Handicap Hurdle. 1.40 Figure Skating: The World Championships. Coverage from Tokyo. 1.55 Racing: The 2.00 Brown Chamberlain Handicap Chase. 2.10 Figure Skating. 2.25 Racing: The 2.30 Hoechst Panacur EBF Mares National Hunt Novices Hurdle H'cap. 2.40 Rugby League: St Helens v Leeds. The second semi-final of the Challenge Cup. 3.25 Motor Racing: A preview of tomorrow's Brazilian Grand Prix. 3.35 Rugby League. 4.20 Rowing: The Head of the River Race. 4.40 Final Score. Times may vary.
5.15 News.
5.25 Regional News and Sport.
5.30 The New Adventures of Superman. Lois and Clark pose as newlyweds to keep watch on a power-hungry businessman planning to sabotage a weapons experiment.
6.15 Noel's House Party. Fun and frolics from Crinkley Bottom as entertainer Lionel Blair receives his long-awaited Gotcha Oscar, and Liverpool footballer John Barnes Grabs a Grand. Last in series.
7.15 Big Break. In the final programme of the series, snooker professionals Ronnie O'Sullivan, Alan McManus and Joe Swail cue up to help contestants win the star prize. Hosted by Jim Davidson and John Virgo.
7.45 Do the Right Thing. Terry Wogan hosts as Anneka Rice and David Mellor tackle ethical dilemmas based on dramatised events.
8.25 Birds of a Feather. Sharon decides to join a video-dating agency in the face of derogatory comments from Tracey and Dorien - but the results shock even her.
8.55 That's Life!
9.35 News and Sport; Weather.
9.55 Match of the Day. Highlights from three top matches in the FA Premiership.
11.00 Film: Play Misty for Me. A DJ is stalked by a girl who turns out to be homicidally jealous. Psychological drama, directed by and starring Clint Eastwood, with Jessica Walter and Donna Mills (1971).
12.45 Weather.
12.50 Close.

BBC2

6.00 Open University. 12.15 pm Film: Moonfleet.

1.40 Great Crimes and Trials of the 20th Century. The story of Dr Crippen, the American doctor who shocked the nation when the dismembered body of his wife was discovered by police in 1910.
2.10 Horizon. Insight into the work of two scientists who five years ago claimed to have discovered a way of producing limitless energy using water as a power source.
3.00 Film: East of Eden. James Dean plays the neurotic son of a Californian farmer whose strained relationship with his elder brother turns violent. Melodrama, with Richard Davalos (1955).
4.50 World Cross Country Championships. Highlights from Budapest of the men's and women's races in the senior and junior categories.
5.30 Scrutiny. A glimpse into the work of parliamentary committees.
6.00 Crufts 1994: Action Dogs. The Agility and Flyball finals, plus highlights of the Obedience Championship.
6.40 News and Sport; Weather.
6.55 The Giant Awakes. The possible international implications of China's economic growth, expected to outstrip all other competitors by the next century. Last in series.
7.45 Unplugged. Evergreen singer-songwriter Neil Young in an acoustic studio set from 1993. Last in series.
8.55 Seven Last Words from the Cross. New series. Seven films on Christ's crucifixion set to a specially commissioned score by acclaimed Scottish composer James MacMillan. The first programme is a dramatic evocation of the Christian doctrine of forgiveness.
9.05 Arena. The life of Marvin Gaye, the legendary Motown singer who was shot dead by his father in Los Angeles 10 years ago this week.
10.25 Between the Lines. Clark investigates the case of a suspect who died in police custody - was it suicide or something more sinister?
11.15 Crimes and Passions. Profiles of a devoted husband who murdered his wife when she tried to end their 30-year marriage, and a man who strangled the lover he suspected of being unfaithful.
12.15 Film: That Obscure Object of Desire. Surreal sex comedy about a man who is repeatedly seduced and then spurned by a desirable actress. Fernando Rey stars (1977).(English subtitles).
3.00 (BST) Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Speakeasy.

1.00 ITN News; Weather.
1.05 London Today; Weather.
1.10 Champions' League Special. A preview of Wednesday's key matches, including AC Milan v Anderlecht and Barcelona v Galatasaray, and a report on the first leg of Arsenal's semi-final in the Cup-Winners' Cup.
1.40 Movies, Games and Videos. Reviews of Whoopi Goldberg in Sister Act II, Beethoven's Second, starring Charles Grodin, and the re-release of Disney's The Aristocats.
2.15 NBA Basketball. Alton Byrd introduces the game of the week.
3.15 Film: Panic in Echo Park. A doctor jeopardises his career when he investigates a mystery epidemic. Thriller, starring Dorian Harewood (TVM 1977).
4.40 ITN News and Results; Weather.
5.00 London Tonight and Sport; Weather.
5.10 Bullseye. New series. Darts-based quiz, hosted by Jim Bowen.
5.40 Baywatch. Feature-length episode which sees Matt and Summer heading for a romantic weekend in San Diego, only to find the hotel they've checked into is haunted.
7.00 You Bet! John Inman and Daniella Westbrook are among the celebrity guests who bet on first time challenges from off-road driving instructor Graham Clark, and greyhound trainer Norah McEllistrim.
8.00 Barrymore. With Nobbin the Gnome and Minnie, and father-and-son act Geoff and Scott McKeon. Plus, London nightclub owner Regine Choukroun, and Country and Western Kids.
9.00 Cracker. Another chance to see the first story of the highly-acclaimed series, starring Robbie Coltrane as Fitz, a brilliant criminal psychologist struggling to control his gambling and drinking habits threatening to ruin his marriage.
10.50 ITN News; Weather.
11.00 London Weather.
11.05 Film: Swimsuit. Comedy, starring William Katt (TVM 1989).
12.55 Comedy Club.
2.25 (BST) Tour of Duty.; ITN News Headlines.
3.20 The Big E.
4.15 American Gladiators.
5.05 BPM.

CHANNEL4

5.00 4-Tel on View. 6.35 Early Morning. 10.00 Trans World Sport. 11.00 Gazzetta Football Italia. 12.00 Sign On: At Leisure. 12.30 pm Manmohan Desai: Miracle Man.(English subtitles).

1.00 Film: Babes in Arms. Uplifting musical with Judy Garland and Mickey Rooney in their first of many starring roles together, telling the tale of a group of vaudevillian offspring who put on a show to benefit their parents. Also starring Charles Winninger and Douglas McPhail (1939).
2.45 Racing from Doncaster. The 3.00 Insurex Expo-Sure Group Handicap, 3.40 William Hill Lincoln Handicap, 4.15 Mitsubishi Diamond Vision Cammidge Trophy, and the 4.45 Going Behind Racing Video Maiden Stakes. Introduced by Jim McGrath.
5.05 Brookside.
6.30 Right to Reply. Viewers' opinions and ideas about TV.
7.00 A Week in Politics. Irreverent recap of the latest political developments; **News Summary.**
8.00 Kingdoms in Conflict. Richard and Julie Kemp's documentary exploring the great cork oak forests of Extremadura near Madrid, one of the last known European habitats for wolves, vultures, imperial eagles and black storks. Andrew Sachs reveals why these species have flourished so well in this area of Spain, and examines the threats which put their continued survival in jeopardy.
9.00 NYPD Blue. Fancy's job is jeopardised, while Kelly and Sipowicz investigate the kidnapping of a young girl.
10.00 Don't Forget Your Toothbrush. Madcap showbiz extravaganza, hosted by Chris Evans.
11.05 Without Walls Special: Expletives Deleted. Auberon Waugh hosts a debate on swearing. With contributions from comedy writer Barry Cryer, comedian Jeremy Hardy and comedienne Donna McPhail, who take part in an expletive-filled version of Not Call My Bluff, along with slang historian Jonathon Green, film director Ken Loach and Lady Olga Maitland MP.
11.35 Without Walls Special: The Greatest F**** Show on TV.** Jerry Sadowitz explores the rules and regulations associated with swearing on TV.
12.00 Late Licence.
12.15 One Night Stand.
12.45 Viva Cabaret.
1.35 Herman's Head.
3.10 (BST) Saturday Zoo.
4.10 Joe Cocker.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Movies, Games and Videos. 1.05 Anglia News. 1.40 World Cup Hall of Fame. 2.10 Nigel Mansell's IndyCar '94. 2.40 The Worlds Greatest Stunts. 3.45 Knight Rider. 4.55 Anglia News and Sport 11.00 Anglia Weather. 11.05 Bright Lights, Big City. (1988)

BORDER:
12.30 COPS. 1.05 Border News. 1.10 Nigel Mansell's IndyCar '94. 1.40 Sail the World. 2.10 Champions' League Special. 2.40 Movies, Games and Videos. 3.10 The A-Team. 3.55 Superstars of Wrestling. 5.00 Border News and Weather 11.05 Bright Lights, Big City. (1988)

CENTRAL:
12.30 America's Top 10. 1.05 Central News 2.10 Knight Rider. 3.05 The A-Team. 4.00 WCW Worldwide Wrestling. 4.55 Central News 5.00 The Central Match - Goals Extra. 11.05 Bright Lights, Big City. (1988)

GRAMPIAN:
12.30 Cruinne-Ce. 1.05 Grampian Headlines 1.40 Telefios. 2.10 Speaking Our Language. 2.40 Cuirm Cloinne. 2.55 Movies, Games and Videos. 3.25 Sail the World. 4.00 WCW Worldwide Wrestling. 4.55 Grampian Headlines 5.00 Grampian News Review. 11.00 Grampian Weather. 11.05 Bright Lights, Big City. (1988)

GRANADA:
12.30 COPS. 1.05 Granada News 1.10 Nigel Mansell's IndyCar '94. 1.40 Sail the World. 2.10 Champions' League Special. 2.40 Movies, Games and Videos. 3.10 The A-Team. 3.55 Superstars of Wrestling. 4.55 Granada News 5.00 Cartoon. 11.05 Bright Lights, Big City. (1988)

HTV:
12.30 The Great Bong. 1.05 HTV News. 1.40 Sail the World. 2.10 Nigel Mansell's IndyCar '94. 2.40 Mystery at Castle House. (TVM 1981) 4.10 Movies, Games and Videos. 5.00 HTV News and Sport 11.00 HTV Weather. 11.05 Bright Lights, Big City. (1988)

MERIDIAN:
12.30 Heidi. 1.05 Meridian News. 1.40 Sail the World. 3.10 Nigel Mansell's IndyCar '94. 3.40 The A-Team. 4.30 Cartoon Time. 4.55 Meridian News. 11.05 Bright Lights, Big City. (1988)

SCOTTISH:
12.30 Extra Time. 1.05 Scotland Today. 1.10 Speaking Our Language. 1.40 Telefios. 2.10 Champions' League Special. 2.40 Target Risk. (TVM 1975) 4.00 Incredible Stunts and Jumps. 4.55 Scotland Today 5.00 Cartoon Time. 11.05 The Laughing Policeman. (1973)

TYNE TEES:
12.30 Movies, Games and Videos. 1.05 Tyne Tees News. 1.40 Wanted: Dead or Alive. 2.10 Gordon the Black Pirate. (1984) 3.45 Knight Rider. 4.55 Tyne Tees Saturday 11.05 Bright Lights, Big City. (1988)

WESTCOUNTRY:
12.30 Movies, Games and Videos. 1.05 Westcountry Weekend Latest. 1.40 NBA Basketball. 2.40 The A-Team. 4.25 Cartoon Time. 4.55 Westcountry Weekend Latest. 11.05 Bright Lights, Big City. (1988)

YORKSHIRE:
12.30 Movies, Games and Videos. 1.05 Calendar News. 1.40 Wanted: Dead or Alive. 2.10 Gordon the Black Pirate. (1984) 3.45 Knight Rider. 4.55 Calendar News. 11.05 Bright Lights, Big City. (1988)

SUNDAY

BBC1

7.30 Penny Crayon. 7.40 Playdays. 8.00 Blood and Honey. 8.15 Breakfast with Frost. 9.15 Lead Kindly Light. 10.00 See Hear! 10.30 Lingo! 10.45 Italianissimo. 11.00 Mosaic Special: Attitudes to Islam. 11.30 If the Worst Happens. 11.40 What Shall We Tell the Children?

12.00 Family Affairs. Debate on the role of fathers in domestic life.
12.30 CountryFile. Environmental and rural issues.
12.55 Weather for the Week Ahead.
1.00 News.
1.03 On the Record. John Humphrys talks to Kenneth Clarke, chancellor of the exchequer, about the government's controversial new taxes.
2.00 EastEnders.
3.00 Film: Donovan's Reef. Three American soldiers run into trouble when they settle down on a beautiful South Sea island after World War Two. Comedy, starring John Wayne and Lee Marvin (1963).
4.50 The Clothes Show. Reports on the latest swimwear, a successful wetsuit company in Cornwall, and fashions for short people.
5.15 Lifeline. Denis Lawson appeals on behalf of Aids charity London Lighthouse.
5.25 Antiques Roadshow. Hugh Scully and the team evaluate items in King's Lynn, Norfolk.
6.10 News.
6.25 Songs of Praise. Pam Rhodes visits Lancaster to celebrate Palm Sunday and the 150th anniversary of the Royal College of Veterinary Surgeons.
7.00 Honey for Tea.
7.30 Pie in the Sky. Crabbe is distraught when a surveillance team visits the restaurant to keep track of a regular customer.
8.20 Ain't Misbehavin'.
8.50 News and Weather.
9.05 Sunday Night Clive. The Australian wit is joined by Joan Collins as he casts a wry eye over events worldwide, and reviews the best and the worst of international TV.
9.50 Mastermind.
10.20 Everyman. Documentary focusing on Mavis Pittilla, who left the Church of England to become a medium after recovering from a serious illness.
11.00 The Easter Stories. Mike Harding plays an opinionated landlord who rents a room to Jesus and his disciples.
11.15 Film: Madigan. Police thriller, starring Richard Widmark and Henry Fonda (1968).
12.55 Weather.
1.00 Close.

BBC2

6.15 Open University. 9.10 Draw Me. 9.25 Simon and the Witch. 9.40 The Animals of Farthing Wood. 10.05 Incredible Games. 10.30 Grange Hill. 10.55 Short Change. 11.20 Earthfasts. 11.45 The O Zone. 12.00 Dr Who. 12.25 pm The Fugitive. 1.15 The Phil Silvers Show.

1.40 The Living Soap. The new recruits pack their bags and head off home for the Easter holidays.
2.00 Around Westminster. Review of the latest political developments.
2.30 The Big Houses. The castles of Anglo-Irish families, homes which have played host to some of the leading political and literary figures of Irish life.
3.00 After the Flood. The devastating effect of rivers in flood.
3.30 World Figure Skating Championships. Highlights of the week's competition from Tokyo. Introduced by Sue Barker.
4.20 Rugby Special. Highlights of the prestigious Hong Kong Sevens, and important action from the Division One clash between Harlequins and Leicester.
6.10 The Natural World. The expert weaving techniques of spiders, whose incredibly strong cobwebs have adorned the world since before the age of dinosaurs.
7.00 The Money Programme. Investigation into whether South Africa can revive its crisis-ridden economy without preventing the black population obtaining a fair share of the wealth.
7.30 The Chancellor's Spring Collection. The people of St Albans air their concerns to politicians and financial experts about current tax increases.
8.10 Seven Last Words from the Cross. Second of seven films on the Passion of Christ.
8.20 Moving Pictures. Behind-the-scenes look at Peter Weir's new movie Fearless, starring Jeff Bridges, and a profile of cult American screenwriter Rudy Wurlitzer. Last in series.
9.10 Grand Prix from Brazil. Highlights of this morning's action at the Interlagos track in Sao Paolo.
9.50 Silas Marner: The Weaver of Raveloe. Award-winning adaptation of George Eliot's much-loved story about a lonely outcast (Ben Kingsley) whose life is thrown into turmoil when a small child wanders into his deserted cottage on a cold winter night.
11.20 Film: Voyager. Sentimental drama, starring Sam Shepard (1991).
1.15 Close.

LWT

6.00 GMTV. 9.25 The Disney Club. 10.15 Link. 10.30 Sunday Morning with Secombe. 11.00 Morning Worship. 12.00 Sunday Morning with Secombe. 12.30 pm Crosstalk; London Weather.

1.00 ITN News; Weather.
1.10 Walden. Brian Walden interviews John Gummer, environment secretary.
2.00 Animal Country. Desmond Morris and Sarah Kennedy discover how zoos are changing for the future when they visit Marwell Zoo in Hampshire.
2.30 Film: North to Alaska. Action adventure, starring John Wayne and Stewart Granger as prospectors who have their hands full with a different sort of gold-digger (1960).
4.10 ITN News; Weather.
4.20 London Tonight; Weather.
4.30 The Match - Live. Manchester United take on Aston Villa in the Coca-Cola Cup Final at Wembley. United try to secure the first leg of the treble against Ron Atkinson's talented side.
7.15 Cilla's World. Cilla Black explores the lifestyles of Tony Curtis, Sir Peter Ustinov and Britt Ekland. Music by Take That, and Diana Ross.
8.15 Anna Lee. The gutsy private detective sets out to prove a female vocalist was murdered by a millionaire record company boss – leading to both a bust-up with her employer, and a proposal of marriage. Last episode of the current series, starring Imogen Stubbs, Brian Glover, John Rowe and Jesse Birdsall.
10.15 ITN News; Weather.
10.25 London Weather.
10.30 Michael Winner's True Crimes. Reconstruction of the 1989 kidnapping of a Surrey millionaire's son – himself a married man with children – who was snatched from his home in the middle of the night. His captor managed to stay one step ahead of the police, even after a high-speed car chase to Devon – but when they finally caught up with him, the plot took an unexpected turn.
11.00 The London Programme Special. The disturbing increase in drug addiction among youngsters.
12.00 Sail the World.
12.30 Cue the Music.
1.30 The Round-the-World Yacht Race; ITN News Headlines.
1.35 Film: Connecting Rooms. Romantic melodrama, starring Bette Davis and Michael Redgrave (1969); ITN News Headlines.
3.30 Snooker: The European League.
5.00 Dining in France.

CHANNEL4

6.05 Early Morning. 9.45 The Lone Ranger. 10.15 Saved by the Bell. 10.45 Planet of the Apes. 11.45 Little House on the Prairie.

12.45 Film: The Rebel. Comedy, starring Tony Hancock as a bored clerk who exchanges his bowler hat and briefcase for an easel and brushes and sets off for Paris to pursue his dream of becoming a great artist (1960).
2.35 Mondrian. Sheila Graber animation.
2.45 Football Italia. Action from Napoliv AC Milan.
5.00 Passion Cake. Nikita Mitchell animation.
5.10 News Summary; Weather.
5.15 Serious Money. A discussion on the future of the airline industry.
6.00 Moviewatch. Reviews of Kalifornia, starring Brad Pitt as a serial killer, Backbeat, the story of fifth Beatle Stu Sutcliffe, and Spanish romantic comedy Belle Epoque.
6.30 The Cosby Show.
7.00 Encounters. The threat to Africa's dwindling population of black rhinos which, despite having their horns removed by conservationists, are still killed by poachers who seek to increase the value of their supplies of horn through extinction. The film follows attempts to save the species by moving the remaining animals to Australia.
8.00 The Shadow and the Substance. Poet Tom Pickard takes a scathing look at unemployment in the north east of England.
9.00 Film: Jacknife. Vietnam veteran Robert De Niro visits fellow ex-soldier Ed Harris and his schoolteacher sister Kathy Baker - a meeting which triggers intense emotional turmoil as Harris tries to come to terms with the traumatic memories of war.(1988).
10.55 Private View: Picasso. Art critic Sarah Kent, historian Sir Roy Strong and writer Jonathan Meades offer their personal impressions of the artist's work as they take a private night-time view of the major exhibition at London's Tate Gallery.
11.30 Concierto De Aranjuez. Performance of Rodriguez's guitar concerto.
12.00 Film: Les Anges du Peche. Spiritual drama tracing the relationship between a rebellious girl (Jany Holt) and a nun (Renee Faure) who sacrifices everything to rehabilitate her young friend. Robert Bresson's directorial debut, also starring Mila Parely and Sylvie.(1943).
1.40 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Food Guide. 12.55 Anglia News. 2.00 Cartoon Time. 2.15 Highway to Heaven. 3.10 Wish You Were Here? 3.40 Animal Country. 4.20 Anglia News on Sunday 10.25 Anglia Weather. 10.30 Life and Death. 11.00 Sail the World. 11.30 Coach. 11.55 Quiz Night.

BORDER:
12.30 Gardener's Diary. 12.55 Border News. 2.00 Conference Report. 2.30 Monster Trucks. 3.10 Coronation Street. 4.20 Border News. 10.30 Celebration. 10.55 Prisoner: Cell Block H. 11.55 Quiz Night.

CENTRAL:
12.30 Central Newsweek. 12.55 Central News 2.00 It's Your Shout. 2.35 Take 15. 2.50 Hit the Town. 3.20 Father Dowling Investigates. 4.20 Central News 10.30 The Fourth Protocol. (1986)

CHANNEL:
12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Telejornal. 2.00 The Pier. 2.25 The Listings. 2.30 Life Goes On. 3.30 Cartoon. 3.40 Animal Country. 4.20 Channel News. 10.30 The Fourth Protocol. (1986)

GRAMPIAN:
11.00 Sunday Service. 11.45 Eikon. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 2.00 Conference Report. 2.30 Cartoon. 2.40 Highland League Football. 3.40 ITN News 3.50 Grampian Headlines 3.55 Scotsport. 10.25 Grampian Weather. 10.30 Life and Death. 11.00 Prisoner: Cell Block H. 11.55 Quiz Night.

GRANADA:
12.25 Granada On Sunday. 12.55 Granada News 2.00 Road Runner. 2.15 Father Dowling Investigates. 3.10 Coronation Street. 4.20 Granada News 10.30 Celebration. 10.55 Prisoner: Cell Block H. 11.55 Quiz Night.

HTV:
12.25 Meredith On Sunday. 12.55 HTV News. 2.00 HTV Newsweek. 2.30 The West Match. 3.10 Highway to Heaven. 4.20 HTV News. 10.25 HTV Weather. 10.30 Life and Death. 11.00 Prisoner: Cell Block H. 11.55 Quiz Night.

MERIDIAN:
12.30 Seven Days. 12.50 Meridian News. 2.00 The Pier. 2.25 The Listings. 2.30 Life Goes On. 3.30 Cartoon. 3.40 Animal Country. 4.20 Meridian News. 10.30 The Fourth Protocol. (1986)

SCOTTISH:
11.00 Sunday Service. 11.45 Eikon. 12.30 Wemyss Bay 902101. 12.55 Scotland Today. 2.00 Conference Report. 2.30 Stuntmasters. 3.00 The Motor Show. 3.40 ITN News 3.50 Scotland Today 3.55 Scotsport. 10.30 The Fourth Protocol. (1986)

TYNE TEES:
12.25 Tyne Tees Newsweek. 12.55 Tyne Tees News. 2.00 Highway to Heaven. 2.55 World Cup Swimming. 4.20 Tyne Tees News. 10.25 Local Weather. 10.30 Life and Death. 11.00 The Shadow Riders. (TVM 1982)

WESTCOUNTRY:
12.30 Westcountry Update. 12.55 Westcountry Weekend Latest. 2.00 Sail the World. 2.30 Westcountry Cameos. 2.40 Life Goes On. 3.40 Getaways. 4.20 Westcountry Weekend Latest. 10.30 Life and Death. 11.00 Prisoner: Cell Block H. 11.55 Quiz Night.

YORKSHIRE:
12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 Highway to Heaven. 2.55 World Cup Swimming. 4.20 Calendar News. 10.30 Life and Death. 11.00 The Shadow Riders. (TVM 1982)

RADIO

SATURDAY

BBC RADIO 2
6.00 Sujata Barot. 8.05 Brian Matthew. 10.00 Sally O'Sullivan. 12.00 Hayes on Saturday. 1.00 Behind the Huddlines. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Jimmy Durante: Me and My Piano. 5.00 Cinema 2 6.30 Nick Barraclough. 6.00 Cybill Shepherd. 7.00 At Home with Jeffrey Archer. 7.30 Suite in B. 8.30 David Jacobs. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 2.00 (BST) Charles Nove. 4.00 Sujata Barot.

BBC RADIO 3
6.30 Open University: Transforming Graphs. 6.55 Weather. 7.00 Record Review. 9.00 Building a Library. Honegger's Symphony No 2, by Roger Nichols. 10.10 Record Release. Haydn and Pfitzner. 12.00 Spirit of the Age. 1.00 News. 1.05 A Personal View. 1.25 Bach's Goldberg Variations. 3.00 Vaughan Williams and America. New series. Ives, Roy Harris, Hanson, Vaughan Williams, Barber. 5.00 Jazz Record Requests. 5.45 Music Matters. The life of Hildegard of Bingen. 6.30 Live from the Met. Puccini's La Boheme. 9.25 The Left Book Club. The philosophy of the famous society. 9.55 Debut. Ireland, Shostakovich. 10.25 Love Songs in Waltz-Time. Brahms. 11.00 Impressions. Brian Morton talks to Harry Beckett. 12.30 News. 12.35 Close.

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
6.55 Weather.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 The News Quiz.
1.00 News.
1.10 Any Questions?
2.00 (FM) Any Answers? 071-580 4444. Phone-in response programme.
2.00 (LW) Test Match Special.
2.30 (FM) Playhouse: Mary Morgan. By Greg Cullen.
3.45 (FM) Four on a Tour.
4.00 (FM) Age to Age. The execution of the Rosenbergs as Soviet spies in 1954.
4.30 (FM) Science Now.
5.00 (FM) File on 4.
5.40 (FM) Siesta Days, Fiesta Nights. By Drew Launay.
6.00 (FM) News and Sports.
6.25 (FM) Week Ending.
6.50 (FM) Postcard from Gotham. The Whitewater affair threatening President Clinton.
7.20 (FM) Kaleidoscope Feature. A rare interview with Broadway legend Lena Marsh.
7.50 (FM) Saturday Night Theatre: An Irish Connection. By Patrick J. Power.
9.05 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Dear Teacher. With Glenys Kinnock.
10.30 Lonely Joe. The last days of English pop music producer Joe Meek.
11.45 The Shuttleworths. By Graham Fellows.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 World Service.
6.30 Mark Curry's Weekend Edition.
9.30 Get Set.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sport on Five.
6.05 Six-O-Six.
7.30 Afropop Worldwide.
8.30 Le Top.
9.30 The Green Hornet.
10.15 The Way Out.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in western Europe on Medium Wave 648 kHZ (463m) at these times GMT:

6.00 World and British News. 6.15 The World Today. 6.30 Europe Today. 7.00 Newsdesk. 7.30 People and Politics. 8.00 World News. 8.09 Words of Faith. 8.15 A Jolly Good Show. 9.00 World News and Busines Report. 9.15 Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 Printer's Devil. 10.15 Letter From America. 10.30 Waveguide. 10.40 Book Choice. 10.45 From the Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 Mittagsmagazin. 12.00 World News. 12.09 Words of Faith. 12.15 Multitrack Three. 12.45 Sports Round-up. 1.00 Newshour. 2.00 News Summary; John Peel. 2.30 Sportsworld. 4.00 World and British News. 4.15 BBC English. 4.30 Heute Aktuell. 5.00 News Summary; Sportsworld. 5.30 BBC English. 6.00 Newsdesk. 6.30 Heute Aktuell. 7.00 News and features in German. 8.00 World News. 8.09 Words of Faith. 8.15 Personal View. 8.30 Jazz for the Asking. 9.00 Newshour. 10.00 World and British News. 10.15 Meridian. 10.45 Sports Round-up. 11.00 World News. 11.05 Words of Faith. 11.10 Book Choice. 11.15 A Jolly Good Show. 12.00 World and British News. 12.15 Good Books. 12.30 The John Dunn Show. 3.00 Newsdesk. 3.30 Black Pearls. 4.00 Newsdesk. 4.30 BBC English. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 Michael Aspel. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 A Tenor Sang. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Steve Madden. 3.00 Alex Lester.

BBC RADIO 3
6.30 Open University: Information Technology. 6.55 Weather. 7.00 Sacred and Profane. 9.00 Brian Kay's Sunday Morning. 12.15 Music Matters. 1.00 News. 1.05 From the BBC Proms 1993. 2.45 Going to Extremes. 4.10 The BBC Orchestras. Rossini, Gershwin, Strauss, John Adams. 5.45 Making Waves. With novelist Hilary Mantel. 6.30 Beethoven and Shostakovich. 7.30 Sunday Play: The Ascent of F6. By W.H. Auden and Christopher Isherwood. 10.00 Music in Our Time. Stravinsky, Henze, Elliott Carter, Simon Bainbridge, Ligeti, Morton Feldman, Berio. 11.10 Choir Works. Stainer. 12.30 News. 12.35 Close.

BBC RADIO 4
6.00 News.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 Jeremy Irons.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 Mediumwave.
11.45 Sentimental Journey.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 (FM) Classic Serial: Keys of the Kingdom.
2.30 (LW) Tales from the Brigadier.
2.45 (LW) Test Match Special.
3.30 (FM) Pick of the Week.
4.15 (FM) Russia: The Bear Contained?
5.00 (FM) Bill on the Bann.
5.30 (FM) Poetry Please!
6.00 (FM) Six O'Clock News.
6.15 (FM) Feedback.
6.30 (FM) Europhile.
7.00 (FM) In Business.
7.30 (FM) Conversation Piece.
8.00 (FM) Age to Age.
8.30 (FM) Reading Aloud: Political Gossip.
9.00 (FM) The Natural History Programme.
9.30 (FM) Days of Good Hope.
10.00 (FM) News.
10.15 (FM) Donizetti's Final Mad Scene.
10.15 (LW) Open University.
11.00 (FM) In Committee.
11.30 (FM) Seeds of Faith.
12.00 News.
12.33 Shipping Forecast.
12.43 (LW) As BBC World Service.
12.43 (FM) Close.

BBC RADIO 5
6.00 World Service.
6.30 Mark Curry's Weekend Edition.
9.30 The Tale of the CP - Couch Potato.
10.00 The AM Alternative.
11.30 Fantasy Football League.
12.30 Simon Fanshawe's Sunday Brunch.
2.00 What If - the UK Had One National Football Team Rather than Four?
2.30 Room 101.
3.00 Sunday Sport.
7.15 A Fishbone of Fairytales.
7.30 Cult Radio.
8.30 On the Road.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in western Europe on Medium Wave 648 kHZ (463m) at these times GMT:
6.00 News and features in German. 6.30 Composer Of The Month. 7.00 World and British News. 7.15 Letter from America. 7.30 Jazz For The Asking. 8.00 World News. 8.15 Top Scores. 8.30 From Our Own Correspondent. 8.50 Write On. 9.00 World News. 9.09 Words of Faith. 9.15 Ray on Record. 10.00 World News and Business Review. 10.15 Short Story. 10.30 Folk Routes. 10.45 Sports Round-up. 11.00 News Summary; Science in Action. 11.30 BBC English. 11.45 News and Press Review in German. 12.00 Newsdesk. 12.30 The John Dunn Show. 1.00 News Summary; Play of the Week: The Pipsqueak. 2.00 Newshour. 3.00 News Summary; Hunting Mr Homer. 3.30 Anything Goes. 4.00 World News. 4.15 BBC English. 4.30 News and features in German. 5.00 World News and Business Review. 5.15 BBC English. 6.00 World News and Business Review. 6.15 Printer's Devil. 6.30 News and features in German. 8.00 Conductors at Work. 8.30 Europe Today. 9.00 World News. 9.09 Words of Faith. 9.15 Animals of Power. 9.30 Jazz Score. 10.00 Newshour. 11.00 World News and Business Review. 11.15 Short Story. 11.30 Letter from America. 11.45 Sports Round-up. 12.00 Newsdesk. 12.30 Hunting Mr Homer. 1.00 World and British News. 1.30 In Praise of God. 2.00 News Summary; An Ice Cream Sundae. 2.45 Top Scores. 3.00 Newsdesk. 3.30 Composer of the Month: Gustav Holst. 4.00 Newsdesk. 4.30 BBC English. 4.45 Fruhmagazin.

CHESS

Nuances of opening play can affect chess strategy drastically.

Last week's game was a French Defence, where White's excessive pawn moves were refuted by an attack where Black sacrificed both rooks.

This week, in contrast, the same opening with a different piece deployment leads to a white brilliancy.

Z. Almasi, White; V. Kovacevic, Black; European Cup 1993.

1 e4 e6 2 d4 d5 3 Nc3 Nf6 4 Bg5 dxe4 5 Nxe4 Be7 6 Bxf6 Bxf6 7 Nf3 Better than last week's 7 c3.

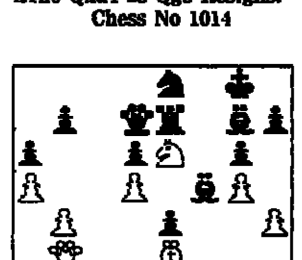
0-0 8 Qd2 b6 Sounder is Be7 9 0-0-0 Nd7. 9 Nxf6+ Qxf6 10 Bd3 Bb7 11 Ng5 g6 Fashionable openings favours the young.

Almasi, 17, a rising Hungarian GM, is booked up by computer databases. Kovacevic once beat Bobby Fischer – but that was 24 years ago.

The older man misses 11 ... h6! 12 Nh7 Qxd4 13 Nxf8 Kxf8 which Black, down on material, usually draws in practice.

12 0-0-0 Nd7 13 h4 Rad8? The last chance is h6 at once. 14 h5 h6 15 Nh7! Winning by force. Kxh7 16 hxg6+ Kg8 17 Rxh6 Kg7 18 Rh7+ Kg8 19 g7! Rfe8 20 Rdh1 Nf8 21 gxf8Q+ Kxf8 22 R1h6 Qxd4 23 Qg5 Resigns.

Chess No 1014



D. Kumaran v A. Hon, Oxford v Cambridge 1994. Black saw that 1 ... Bxe6 2 dxe6 Q or Rxe6 fails to 3 Bc4, so he tried 1 ... Rxe6 2 dxe6 Bxe6 planning 3 Q moves d5 when Black's pawns are strong.

What was the flaw?

The varsity match, played at the RAC in London's Pall Mall, was sponsored by lawyers Watson, Farley & Williams. Cambridge won 4¼-3¾ but Oxford lead by one match in the series begun in 1873.

Solution Page XXVI

Leonard Barden

BRIDGE

My hand today comes from teams-of-four:

N
♠ 10 6 5 4
♥ K 7 3
♦ 10 8 7 6
♣ K 6

W	E
♠ 7 2	♠ 8 3
♥ A J 9 8 5	♥ 6 4
♦ A K Q J	♦ 9 5 3
♣ 10 9	♣ Q J 5 4 3 2

S
♠ A K Q J 9
♥ Q 10 2
♦ 4 2
♣ A 8 7

West was dealer with neither side vulnerable, and opened the bidding with one heart. This was followed by two passes, and South re-opened with a double. West's re-bid of two diamonds was passed up to South, who said two spades. His partner's raise to four spades closed the auction.

West started off with the diamond ace and followed with king and queen, and the declarer ruffed the third lead with his knave of spades. After drawing trumps with ace and king, the declarer paused to assess the position. He could count West for five hearts, four diamonds, two clubs and two spades, and he most probably had both ace and knave of hearts. How could the loss of two hearts be avoided?

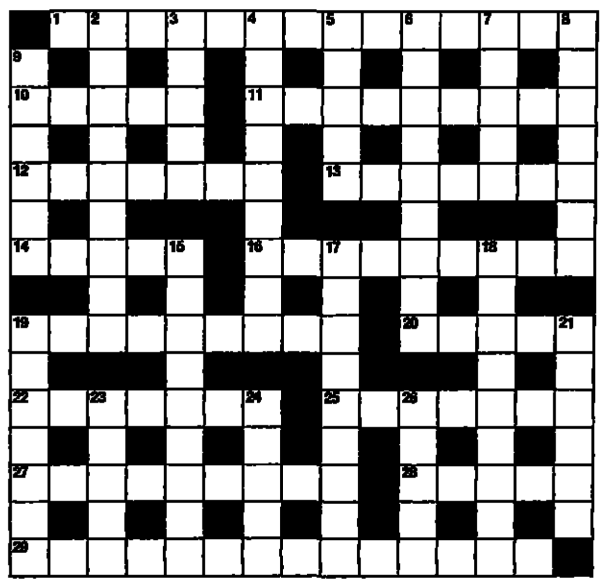
An endplay seemed the only chance. But South had already lost two tricks. Therefore West must be forced to take a heart lead with his ace. The light dawned. South crossed to the king of clubs and ruffed the diamond ten in hand, then cashed the club ace and ruffed his last club on the table. The scene was set. He led dummy's three of hearts – if the king is played, West simply ducks – and played his queen. West had to take with his ace and was securely endplayed. The forced heart return ran into the declarer's split tenace, allowing him to make ten and king.

E.P.C. Cotter

CROSSWORD

No. 8,414 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday April 6, marked Crossword 8,414 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday April 9.



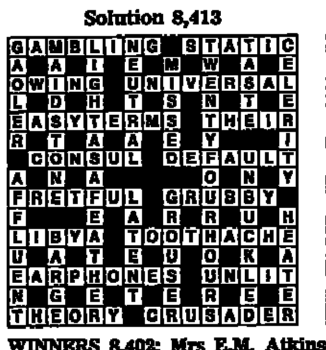
Name...............................

Address...............................

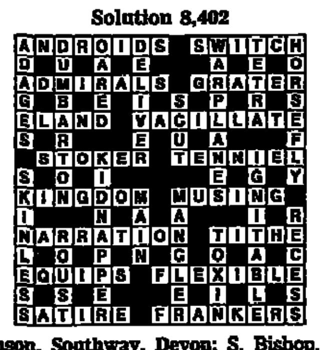
ACROSS
1 Fled after fighting with gentleman (possibly Eric) of intermediate rank (7-7)
10, 12 More martial disarray referring to Baison? (5-7)
11 Base of consciousness, second in stream, strangely (5,4)
12 See 10
13 Clothed most of leading Hun with colour (7)
14 Half turn cheek in bed? (5)
16 One place for bird in shelf under window that absorbs moisture (6,3)
19 Irish county districts on the way to hell? (9)
20 Ghastly old town in cover (5)
22 Not so many letters from canal entrepreneur (7)
25 Sound unit for bed lice? (7)
27 Chess player with inclination to be a bad lot? (9)
28 Farewell to model personal attendant (5)
29 Wasp's Parthian shot? (5,2,3,4)

DOWN
2 A stream with some detergent in it, trace of former glory (9)
3 Criticise roughly, maybe with spit (5)
4 Apply blue rinse with fine spray? (9)
5 American city comes in from a hammering (5)
6 Over-zealous, needing cooler – Ali cat in trouble (9)
7 Provide for old cousin, also cornered (5)
8 No rocker in dance? Put in new form (7)
9 What to do with unruly hair – leave! (6)
15 Dust on beer could blow up at any moment (6,3)
17 Lock with key keeps canonised princess in ultimate defence (4,5)
18 Gay Parisian entertaining irreverent Italian hero (9)
19 French composer to be instead of upper-class English one (7)
21 Hold forth in unusual detail (6)
23 Religious teacher: did I move in water? (5)
24 Offspring, one outside Channel Islands (5)
26 Desire to check on firm (5)

Solution 8,413



Solution 8,402



WINNERS 8,402: Mrs E.M. Atkinson, Southway, Devon; S. Bishop, London SW4; Mrs N. Kidd, Mastrick, Aberdeen; M. O'Halloran, Dublin, Ireland; Dag Pedder, Walton on Thames, Surrey; A. Petersen, Lincoln, Nebraska, USA.

Hawks & Handsaws/**Michael Thompson-Noel**

A can of air and some pebbles, please

People often send me things. Items of leisure clothing. Baskets of tropical fruit. Commemoration puddings. Aluminium place mats. *Atlases and guide*-books. Blue and red balloons. Golf balls and sweatbands. Tickets to the opera. Glassware and standing clocks.

I do not keep any of this product. It is passed on to colleagues' children, such as Rhys James, a magpie-child from Essex. Or it is donated to the annual raffle for charity organised, bossily, by elements on the foreign desk.

On a good day, when things are going well, I pass this product on *speedily to its* next destination. But on a bad day – colleagues proving bothersome, testing my mettle – my eye sometimes settles ungenerously on the latest gift or object to have arrived upon my desk.

It happened this week. An irksomely tiring day. My patience fully exhausted. I had almost reached the point of screen-faxing a significantly rude message to someone (the Malaysian ambassador, most probably) when my eye alighted on a press release sent to me, impertinently, by a person called Chris Horwood from an outfit dubbed M S Marketing & Management (*MSM&M*) on *behalf* of a new product named O-PUR.

At the sight of this press release I flew into a temper. At the end of a bad day, unsolicited press releases written by people for whom English appears to be a second or optional language have that effect on me. The phrase that sent me reeling may sound innocuous, but it assaulted my tired brain with the force of an ice-pick. This was the phrase: "The finest oxygen."

Now then. You do not have to be a rocket scientist to know that oxygen is an element. Nor do you have to be a rocket scientist or a pioneer *of cold fusion to guess that by* sending out a press release which implies that your type of oxygen is finer than somebody else's oxygen is – oxymoronic: calculated, without doubt, to send some snotty journalist, at the end of a bad day, into the sort of tantrum in which he rolls on the floor, ululating horribly and attempting to stab, with a pair of Sheffield-sharpened scissors, anyone who approaches him. This is not good for your product. It is not good marketing. The textbooks are clear on this point.

As it happens, O-PUR is about the stupidest new product I have *ever encountered. It is an aerosol* manufactured by Newpharm in Switzerland and filled with "eight litres of 99 per cent pure oxygen" which is stored as a vaporised gas and contains "no expellant, additives, preserving agents or aromas, just pure unadulterated oxygen".

O-PUR is designed to embellish our lifestyles, to revitalise us in office or in gym. The canister comes with a cheap plastic attachment that is supposed to act like a face-mask.

According to MSM&M's dreadful press release: "The O-PUR marketing strategy will only target *potential purchasers in the personal fit*ness/health, sports aids, and air quality/pollution concerns market places." Price: a colossal £7.99 per can. "To conform to the British Medicine Controls Agencies guidelines *it must be pointed out, and* there is a note on all promotional materials, that O-PUR is not, and should not be used as, a medicinal or life saving device; nor is it a substitute for prescribed oxygen."

In a letter from the Chris Horwood person, MSM&M claims that the "O-PUR bandwagon is about to roll". Many people may scoff, it says, but they are "probably the *same individuals that laughed* at the idea of bottled water sales. I think you will agree that most people *have* far more realistic worries about their own atmospheric environment, than by what comes out of their taps."

I will be amazed if *O-PUR* succeeds at that – or any – price. But perhaps it is a sign of the way things are headed. As the population of the world spins past 7bn, 10bn, 15bn, 25bn – perhaps even higher – I have little doubt that *marketing people*, almost all of whom are directly descended from Attila the Hun and other pillagers, will rack their brains to sell us more and more *things that* used to be freely ours.

Not just oxygen and water, but little patches of grass. Flowers from the hedgerow. Birdsong. *Sun*light. Moonlight. Starlight. Stones. Pebbles. Rain. Snow. Sleet. Wind. Hot. Cold. Light. Dark.

Even our own reflections, I shouldn't be surprised.

Private View/**Christian Tyler**

Gypsy president in a pin-striped suit

Peter Mercer has an office, mobile telephone, computer and fax. And most of his travelling is by air. Such is the life of a modern-day campaigner for the rights of the nomadic community

Ashley Ashwood

The president of the Gypsy Council was wearing a pin-striped suit. He keeps a mobile phone in the mustard-coloured trailer with the mock-Tudor windows. Behind the trailer is a shack – "my office", he calls it – where there are neat rows of files, a fax machine and a desk-top computer.

Peter Mercer's gadgets are a sign that gypsies are asserting *themselves after centuries of* persecution. This time, finding themselves again under attack, they are fighting back with demands for recognition as a race with its own history and culture, and the right to travel and congregate however inconvenient for the increasingly suburban societies in which they live.

In the past, gypsies have been more victimised than tolerated. Today, they are winning sympathy and supporters. For, according to Dr Thomas Acton, Reader in Romani Studies at the new University of Greenwich in London, they are facing the biggest crisis for a generation caused by a "moral panic" among governments in Europe.

Acton estimates that 100,000 of them have fled from eastern to western Europe following the collapse of communist rule and the breakdown of social order. Many others have exploited the new permeability of European borders to migrate in search of work. (The German government paid Romania $21m 18 months ago to take back 40,000 deportees who had been driven from their villages.)

British gypsies have a specific grievance: the criminal *justice bill now going* through parliament. The relevant clauses of this bill look very much like an attempt to stamp out nomadism altogether. They remove the obligation on local authorities to provide sites for *travellers' caravans*, while giving new powers to police, landowners and the authorities to move people on. Refusal could lead to vehicles being impounded and children taken into care.

This measure, say government spokesmen, is not aimed at gypsies in particular. It is to remove the taxpayer's open-ended commitment to house people who choose to live a nomadic life and to stop them parking illegally.

Nomad numbers in Britain have increased unexpectedly in the last decade: some are Irish, driven out by tougher legislation, but mostly they are the so-called new age travellers, drop-outs by accident or by design. Choose nomadism if you like, says the government, but if you do, you must find a legal place to camp.

The Commission for Racial Equality says the proposed legislation discriminates against gypsies and has supported attempts to amend it. Peter Mercer has another word for it: genocidal.

"It's a strong word," he agreed. "But genocide is not *just putting people in gas* chambers like the Holocaust." (Between 500,000 and 750,000 gypsies were killed in the German death camps during the second world war and another million may have been shot outside.) "Genocide is when you stop people meeting, stop festivals, stop the freedom of movement, destroy one's culture, everything gypsy people do. I'm not talking about raves, which they're on about. I've never yet found out what a rave is. To me it's kids doing head-banging or summat. But if we can't go to places like Appleby (horse fair) or Stow on the Wold ..."

Mercer has a small caravan beside his trailer on a site outside Peterborough, where he is the district council's gypsy liaison officer. But most of his travelling these days is done by air. As the British member of the presidium of the International Romani Union, he has visited Warsaw, Prague, Bucharest, Göttingen, Geneva, Bordeaux.

Why, then, does he live in a trailer?

"Up until I started this work I was nomadic. Then I had to have a base to work from. On the road you don't have electricity points. You don't have a *microwave and your washing* machine. You're cooking outside in the main – an open fire, which is a lot better than this rubbish (he indicated the smart panelled kitchenette).

"In the finish you find out *you're laden down with* all modern contraptions which you start becoming dependent on. Having said that, at the end of the day we like to be in a position where we can go away if we wish."

You may *never move from* here?

"I may never. But it is there. It is my right to the freedom of movement and the right to choose where I live. And that is so important to gypsy people. If I wanted to be gone, I could. I could get rid of all this in 10 minutes flat."

To assert their ethnic claim – now recognised by the Council of Europe, the European Union and, increasingly, the English courts – has meant accepting the word "gypsy". As with "didicoy", "pikey" or "mumper" *it* has a derogatory flavour but Mercer recognises that his preferred designation of "traveller" is no longer adequate.

He can demonstrate his racial origins, he said, despite *the infrequency of gypsy* marriages, through family ties, baptismal certificates and the genealogical records of the Mormons. Gypsies migrated from the Rajput area of northern India about 1,000 years ago *after being defeated by Moslem* armies. They were warriors, armourers, swordsmiths, or musicians and traders, with their own noble families. Their language, now written down, has many dialects but is based on Sanskrit.

"It's not the nicest thing in the world to be a gypsy," Mercer said. "Even today. Our flag *is blue for sky, green for fields* with a red wheel to show suffering."

'Genocide is when you stop people meeting, stop festivals, stop the freedom of movement, destroy one's culture.'

I asked him if new age travellers should have the same rights as gypsies.

"People have a right to live their way of life as they wish, so long as they don't rob and steal off people or move into their house or their garden. I don't say I like the way they live and I don't say that it is fair what they are doing. *But it* is their right to choose."

Are they muddying the waters for gypsies?

"Oh, most certainly. One can't get away from that. A lot of local authorities and even the *government is using them* as a stepping board to give us a kick."

I asked him if there was much gypsy migration into Britain from Europe. Mercer said there was a big concentration of Bosnian gypsies in London, a large number of Poles and some French. He insisted they were no threat to the native gypsies because they brought their own particular skills with them.

"This government ought to accept them. I think this is one reason why they're trying to do away with nomadism in this country – the fear that we're going to get an influx from abroad. The police now are stopping caravans and road-testing them to try and stop the migrants. It looks like *some Home Office directive to* make things damned awkward."

Before he became an international civil servant, Mercer did fruit-picking and scrap metal. He comes from the area around Hull *and during the war, at the* age of eight, was taken into care. He was brought up by Roman Catholic nuns. "Some of them were lovable, really beautiful people," he said. "Other ones were, believe me ..." He left the sentence unfinished.

They told him he could go home when his mother got a proper house. She eventually did, but he was sent instead to London to work as a footman, serving at table for the residents of a block of flats. "I was there a month at most, because I was frightened of the church and the power they might have over me."

So he joined the army, following his father who was wounded at Dunkirk and an uncle who was killed on the *Burma railway*.

"A lot of people think gypsy people avoid military service. Not true." He served with the Duke of Wellington's regiment in Cyprus during the Eoka uprising where, he said, *because of a dispute* between superior officers he had the distinction of being made a lance-corporal twice in one day.

"You appreciate, in the army I was a bit of a wild dog. I *joined* to try *and make a* life and follow a family tradition in a way, 'cos my father was saying the army is good for you, make a man of you. I found it fairly tame."

After national service and three years of re-enlistment, Mercer quit the army and "knocked around doing scrap and making a nuisance of *myself* in general like you do". He married, but his wife refused to live in a trailer. He bought her a house but the marriage broke up and he met his present wife while picking fruit. "She calmed me down a little bit and I got involved in civil rights."

So now you're a politician and bureaucrat?

"Well, not a bureaucrat." He said the word with distaste. "*Nowhere near. Bureaucracy's* the last thing in the world I like. I won't fill in time sheets, I won't fill in movement sheets. I don't even claim for expenses.

"*The nuns taught nothing* beyond decimals. Within our community I'm a scholar because I can read, write and I can do one or two things. But my education has come from life, and having to do things *for meself. It's an expertise you* build up over the years, isn't it?".

Thank goodness for metal detectors

***Michael Harrison** defends freelance treasure hunters on motor cycles against the archaeology profession*

There is another side to the views expressed in Antony Thorncroft's article last Saturday ("Greedy for Antiquities", *March 19). I agree* that illegal digging must be condemned and would never support the activity of unscrupulous dealers.

However, the use of metal detectors has greatly increased the number of chance finds on sites of no archaeological significance, such as trackways or byways were few. Normal *archaeological methods would* have been unlikely ever to have unearthed them. Many of these finds were lost accidentally or discarded as damaged, and archaeologists are able to deduce that many groups of artefacts previously believed very rare were in fact fairly common.

Before the era of metal detectors most of us believed that we lived on sites which may have been continuously occupied for perhaps many centuries, or that we might live over *as yet undiscovered sites*. Today the surface of this country is fast becoming ploughed up and destroyed by contractors' earth moving equipment and more and more of us live on a spoil heap of junk or in a hole from which the imprint of our ancestors let alone the lie of the land has been obliterated.

Thank goodness that metal detectorists on motor cycles follow the dumper trucks about the country and recover from their scrambled contents what they can. We cannot turn back the clock as regards contractors or metal detectors however much we would wish.

As Thorncroft says, the old treasure trove law was interested in precious metal, usually for its melt value.

Today, academic rather than monetary value, is surely more important. Yet in the discus*sion of how finds should* be treated and arguments about who has the "right" to ownership, this all-important aspect is overlooked.

Surely that right rests with the landowner and to some extent with the finder, even if the archaeologist might claim a legitimate right of study. I suspect that the heart of the *archaeologist's complaints are* often that he is jealous of those who can sell and buy things for high prices; but this is no part of *his* academic duty.

I find many archaeologists ignore this divide between ownership and the need for study.

In a greedy attempt to corner everything that lies beneath the soil for selfish professional reasons, they assume that only they are sufficiently qualified and educated to hold these things in their hands and to have access to them. This is a half-baked Marxist notion and directly contrary to the important freedoms established in this country's common law.

Some of these second rate academics attend conferences in which they express an arrogant determination to drive dealing out, to make it a crime, and presumably, it follows, to *blight private collections* by depriving them of free marketability.

So far their efforts within the EC have meant only that leading dealers are all busily establishing businesses in Switzerland so that they may sell direct to the big markets in the US, Japan and Australia. Yet another blow has been struck at the heart of London as the arts centre of the world.

It seems to me, leaving aside the inequality that would result in giving too much influence to a minority group, that such restrictions on the rest of us (who may in the case of several people I know be better informed than certain archaeologists) are an unnecessarily high price to pay merely to allow a *few* archaeologists to increase their knowledge to the optimum.

I do not argue against adding to our knowledge, just that it is a barmy notion that objects jettisoned by their original owner as beyond repair, or buried by chance, and after surviving many centuries of treasure seekers, unobservant ploughmen and ignorant superstition should now in the late 20th century all have to be confiscated and reburied in reserve collections to satisfy the bead-counting mentality and overweening self importance of a small group of fanatics.

Perhaps art gallery curators would then follow up by confiscating all paintings in private possession. It should then not be *long before* the civil servants can be persuaded to extend this *droit d'élite* even unto the least of Victorian kitchen chairs.

In short, the underground market will only be brought out into the open by separating absolute title to an object from the obligation to make it available for academic research.

All parties will then benefit.

■ *Michael Harrison is a collector and former chairman of the Antiquities Dealers Association. These views are his own and do not represent the association's.*

هكذا من الاصل

Fashion for all seasons

Armani is crowned king of the designers

Have the catwalk shows gone crazy? Or are they leading the way with their headline-grabbing collections. Weekend FT asked the professionals how they rated the fashion world's leading lights. ***Avril Groom*** *assesses the results of our special survey*

Has the fashion industry lost touch with the real world? Bare nipples, extraordinary designs and improbable frocks at the recent fashion shows for the autumn collections suggest that it has.

Are the catwalk extravaganzas merely a chance to grab the headlines or is something more interesting at work? The FT attempted to throw light on these questions by asking a wide group of fashion professionals which of the top designers are most creative, the most relevant to the real world of commerce and which had the most staying power.

Our survey showed that those well rated for creative talent tended also to score well for having commercial value, but there were revealing differences, as there were between the scores given by fashion editors compared with those by younger observers.

And despite charges that designers are guilty of excess, ugliness, and decadent bids for publicity, our respondents gave the best designers consistently high scores. This may reflect the fact that the Paris shows were remarkably lively and well attended.

We surveyed the people closest to the catwalk circus, from top international fashion editors to photographers. They were asked to rank each designer on a scale of 0-5 in each of the three categories. The results are shown in the table at the bottom of the page. We then averaged the scores in the individual categories to create a fourth, overall, category.

The results were contrasted with the views of a group at the younger end of fashion – students at the Central St Martins College of Art and Design.

The results show that the 1990s have brought a change in attitudes to fashion but not necessarily a diminution of interest in it. The dictatorship of the hemline was toppled long ago but in the late 1980s it was consumer-led status seeking that determined which designer, or style, was "in" or "out".

In the 1990s, individualism rules and the top-rated designers are those whose originality is far more significant than season-to-season changes. Cutting may be complex but the clothes are understated, allowing as much freedom of expression as possible.

The recession has done much for the individualisation of fashion. Vivienne Westwood for one is convinced that, with less to spend, women want clothes that are "very beautiful and individual enough to enhance the personality without a date or a label".

This is not to say that fashion no longer exists: it does and it can change quickly.

Among fashion journalists, for example, current taste in the forward rows at catwalk shows is for droopy, romantic layers and tailoring, mainly in black. In the poll, the writers gave designers such as Ann Demeulemeester, Martin Margiela and John Galliano high placings, reflecting this. Yet the more influential among them are already wearing the new soft, short skirt. By next season there could be rows of exposed knees.

Two names share the top positions in the FT survey's four categories: Giorgio Armani is voted top overall, for commercial success, and for long-term influence on the way in which "ordinary women" dress; Vivienne Westwood comes top for creativity.

Unlikely as it seems, these designers are two sides of the same individualist coin. Armani's designs are never extreme and his success (140 shops, a dozen ranges at different price-levels, £450m global turnover, a jet-set lifestyle and a Milanese palazzo) is based on wearability and desirability. But his understated tailoring and cool colours are designed to let the persona take over.

"Fashion is not about satisfying the aesthetic whims of a designer," he says, "but about interpreting the desires of the person who is going to wear it. Only this gives fashion a social role and credibility." And he has never forgotten how to flatter.

At the cutting edge, Westwood's purpose is to be extremely individual, to jolt fashion into new directions. The rest follow where she leads, though, like a giant liner, the industry takes a long time to turn. And she has suffered the fate of many British inventors, as others popularise and profit from her ideas. She still cycles around London but her £3m-plus turnover is increasing by 40 per cent a year.

Westwood is quite clear on her position as a creator. This is to fly in the face of the "so-called experts who think they know what the public want.

"In fashion this has created uniformity and disillusionment, so now there is a craving for originality."

She claims never to have underestimated the public. "With no backer and just a small shop I had great freedom and I found that however unusual a design was, someone would buy it as long as it was beautiful. To be creative you first need technique, to cut in the best, simplest way that makes the cloth give expression to the body."

Other highly-regarded designers would share this concern for cut before commerce. Second overall is Jean-Paul Gaultier, the former *enfant terrible* best-known for Madonna's conical corsets but also a producer of lyrically ethnic collections. A master of individualism who pioneered showing clothes on non-professional models, his high commercial placing reflects his astute marketing of this approach in the current climate.

Next come the Japanese trio of Issey Miyake, Yohji Yamamoto and Comme des Garçons who were already rugged individualists in the era of power dressing, when they were labelled "avant-garde" and seen as somewhat impenetrable. Now Yamamoto, the most uncompromising of the three for the female figure but also the most understated, points the way ahead for the new generation, voted top by students and all under-30s.

Pushing up from below are the rising stars, all minimalist and/or individualist – Belgian deconstructionists Martin Margiela and Ann Demeulemeester, Italian fabric innovator Romeo Gigli, the German Jil Sander whose immaculate suits give her a high commercial rating, and British near-couturier John Galliano.

All this squeezes establishment designers into mediocre positions, despite high commercial ratings. The biggest indictment of older designers' inability to adjust is Karl Lagerfeld's 11th position for creativity, though fashion editors acknowledge the debt to his ideas by placing him second overall.

Other ways of analysing the data show the divisions even more clearly. The young eschew designers of conventionally glamorous clothes, preferring the makers of plain, deconstructed shapes which rely on the wearer for their allure.

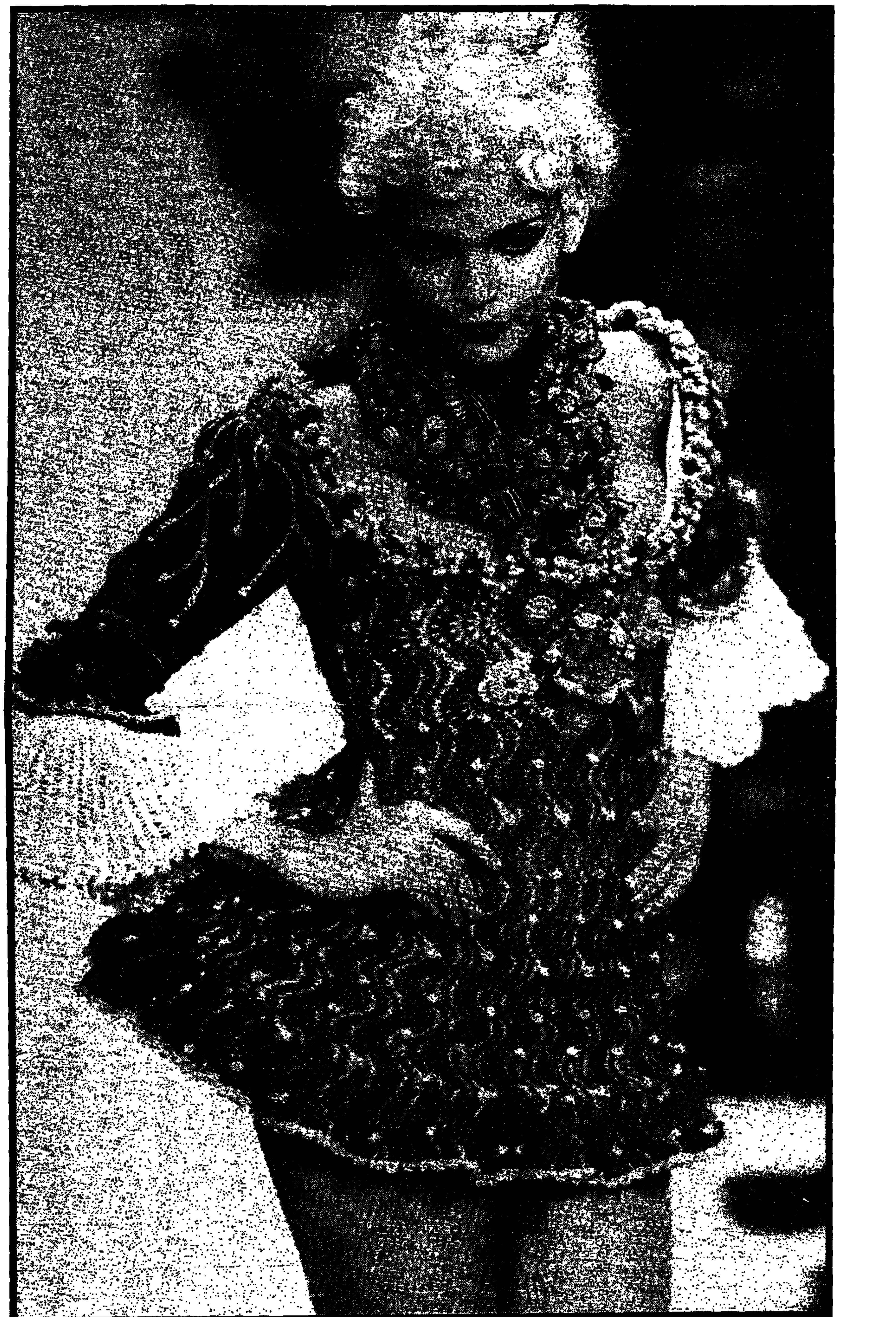
This may give a clue to the reasons behind the fashion show debate. Most of those commenting are mature. A majority is male.

For them, fashion really is the shock of the new. It appears strange because the premises on which it based, such as the cerebral approach of the Japanese, or the Belgians' interest in recycling and vintage clothes, are very different from the priorities of the established designers.

The professionals and fashion students look beyond this. They know that no one will wear Westwood's bare breasts and bustles but that by next autumn her womanly silhouette of puffed shoulders and wider hips will have superseded waifdom as the real world's fashion icon.

The top three designers in each category:

Overall	score
1. Giorgio Armani	3.84
2. Jean-Paul Gaultier	3.69
3. Issey Miyake	3.67
Ranked by Creativity	
1. Vivienne Westwood	4.38
2. Issey Miyake	4.26
3. Jean-Paul Gaultier	4.11
Ranked by Commercial success	
1. Giorgio Armani	4.52
2. Calvin Klein	4.19
3. Ralph Lauren	4.14
Ranked by Long-term influence	
1. Giorgio Armani	4.11
2. Issey Miyake	3.70
3. Yohji Yamamoto	3.70



FT Fashion Survey Respondents rated each house 0-5 in three categories

Rank	Designer	Creativity	Commercial success	Long-term influence
1	Giorgio Armani	2.88	4.52	4.11
2	Jean-Paul Gaultier	4.11	3.39	3.57
3	Issey Miyake	4.26	3.05	3.70
4	Vivienne Westwood	4.38	3.05	3.58
5	Yohji Yamamoto	4.05	3.02	3.70
6	Comme des Garçons	4.00	2.95	3.53
7	Karl Lagerfeld	3.13	3.78	3.37
8	Calvin Klein	2.24	4.19	3.43
9	Donna Karan	2.32	4.00	3.48
10	Ralph Lauren	2.21	4.14	3.41
11	Romeo Gigli	3.45	3.06	3.15
12	Martin Margiela	3.93	2.43	3.02
13	Ann Demeulemeester	3.45	2.75	3.02
14	Jil Sander	2.94	3.44	2.84
15	John Galliano	3.98	2.15	3.08

Main picture: Vivienne Westwood's metallic knit and crochet, with appliquéd flowers and bustle.

Right: Armani's classic waterfall-fronted jacket in wool crêpe.

Pictures by Niall McInerney

From the catwalk to the sidewalk

*The designers' outrageous images have been interpreted by the high street stores. **Avril Groom** gives a guide on what is fit to be worn*

Have you steeled yourself for diaphanous mini-petticoats, St Trinian-style gymslips, white shrouds or hipster trousers drooping to almost indecent levels? Such images dominated the media after the spring catwalk shows last October and they were quite enough to make even the clothes-conscious renounce fashion for the foreseeable future. But fear not. The clothes which have arrived in the shops are surprisingly wearable.

Two factors govern the shake-out between catwalk and clothes-rail. One is that, on the principle of using a sledge-hammer to crack a nut, designers put outrageous versions of their ideas on the catwalk in order to make fashion as a whole evolve by a whisker. Back at their showrooms, where the real business with buyers is done, the clothes look much more normal.

The other is that the percentage of women who wear designer clothes is small and the real importance lies in the way the mass market accepts and interprets such ideas.

With instant communications, fashion is now a global village and everyone, from couturier to chainstore, is thinking on the same lines. The shows give the high street both confirmation of its choices and added inspiration.

The fashion-forward end of the high street is often accused of ripping off the creators. Yet few top designers mind – Karl Lagerfeld, for instance, believes imitation is the sincerest form of flattery.

The young and experimental, unworried by the finer points of wearability, certainly imitate – they dress to shock in style straight off the catwalk, and good luck to them. Hold-up stockings and ankle-socks are already established in the nation's nightclubs.

The more mature and circumspect find it easier to wear the wider fashion industry's interpretations: companies translate ideas to their own identity and rarely admit a direct debt to a designer. But, in modified form, the origins are plain to see. Not everything takes off – the customer still has the final say.

So here are the catwalk inspirations for spring. Watch the rails in your high street to separate the front runners from the potential turkeys, with help from our brief notes on who backs what.

■ **The tiny dress**
Schoolgirl-style from Dolce e Gabbana, Anna Sui and even Valentino. But as Marks and Spencer points out, a summer basic. By itself, a sun-dress; or layer it over a T-shirt; or, as Kookai suggests, over a long version. With popsox and DMs, for teenagers. With lace-topped hold-ups by Aristoc, in the bedroom.

■ **The A-line mini**
In 15-inch hipster form, thanks to Chanel, Versace and Donna Karan. Top Shop has gone as far as a 13-inch bum-freezer but even Marks and Spencer is trying 16 inches. Next has a more grown-up version "with a smart jacket, which is how the over-25s will wear it", as do Monix and Warehouse. Softer pleated styles at French Connection, Warehouse and Agnès B.

■ **Homespun naturals**
Armani's and Calvin Klein's rough textured linens are everywhere. You will be bored with beige before summer starts.
The unstructured trouser suit, collarless shirts, and layered oatmeal knits are topically "green" and good for the size 12-plus majority.

■ **Pyjamas**
Drawstring pants from Ralph Lauren, Issey Miyake and others are the best option for non-mini wearers.

These could be worn with bare midriffs – most shops do crop-tops for the firm of tum – but are easier with a loose shirt and man's vest or a long, unstructured jacket.

■ **White**
From Miyake's airy silks to Montana's crisp, fluttery-pointed shirts, everyone has white. Whistles has an all-white silk collection of easy pieces.

Next includes easy tailoring in white and more feminine styles mixed with denim, à la Gaultier. And it is mixed practically with black at Marks and Spencer.

■ **Metallics**
Part of the deconstructionists' credo of using unexpected fabrics during the day, has been made mainstream by Donna Karan and John Rocha.

Silver leather from Whistles and Oasis is softer in other fabrics – textured metallic knits from Episode and Oasis, lurex and marl at Jigsaw, soft gold suits at Monix, shiny silk at French Connection.

■ **Neo-punk**
This encompasses safety pins at Versace, bondage at Chanel, vests and leather at Helmut Lang and Yohji Yamamoto, and is mixed with the ethnic look and jewellery at Gaultier, the season's most uplifting collection. This is more talked about than copied but is strong at the youth end. Jigsaw have clean-lined hipster jeans and crinkled georgette tops. Some see it as important for next winter. You have been warned.

■ **Layers**
Originated by Ann Demeulemeester, Martin Margiela and Rifat Ozbek, the secret is mixing textures, styles and lengths. Top Shop call it "attitude" dressing, with unexpectedly individual mixes such as sports tops and floral skirts. Principles and Episode do sophisticated colour-mixes of simple, fluid pieces.

■ **Grecian nights**
From Chlöe, Gigli and Comme des Garçons, comes the newest in evening wear, draped, wrapped, high-waisted and bound with ribbon ties, sometimes one-shouldered, and with banded, ringleted hair to match. Monix, Next and Top Shop have halter-necked and draped styles, very short or very long, mainly in white or black.

■ **Ethnics**
Gigli, Lacroix, Betty Jackson and Gaultier mix print, stripe and plain, often with tunics, long jackets or bandeaus over narrow pants or long sarongs. Wearable versions in linen and cheesecloth from French Connection, spicy silks at Principles, Indian prints at Top Shop, spicy linens and stripes at Jigsaw, crinkle and linen at M&S.

Pictures by Niall McInerney

Designers agree on crumpled look

***Richard Rawlinson** reports on the discovery of a simple and unstructured style for the 1990s*

Not since the ubiquitous power suit and black polo neck of the 1980s have menswear designers agreed so unanimously. This summer, natural creams and beiges are the colour, linen is the cloth, crumpled is the texture and loose and unstructured is the silhouette.

They say it takes about four years into a decade before the styles for which it will be remembered come to the fore. If this is so, designers – having spent the last few seasons in a state of confusion as they struggled to understand and reflect the mood of the era – have finally discovered the 1990s.

And it would seem that fashionable '90s man will go down in history as someone who appears to have bought his clothes at a bazaar while trekking in India and has just slept rough in them.

Showing spring/summer '94 collections on the catwalks of Paris and Milan last year, designers sent out unkempt models in outfits which, not long ago, would have looked like abortive work by a drunken sewing machinist.

Primitivism is the desired effect and any tricky details which reveal garments have been manufactured in state-of-the-art factories are banned in favour of unstructured, simple clothes which could have been hand-made on a Bengali peasant's loom.

Shirts have lost their collars and hang loose to mid-thigh under jackets which themselves look over-size, often with Nehru collars.

Trousers are as fluid and baggy as pyjama pants and are often held up with a draw-string belt or an elasticated waist. Neck scarves replace ties and Jesus sandals are worn without socks.

Only the omnipresent waistcoat holds in the layers and gives some remnant of shape to the torso. Informality has been taken to an unprecedented extreme as high-priced clothes look well-worn and soap-washed at birth.

Items seem to be thrown together unselfconsciously, prompting the term "accidental fashion".

The message is clear, whether it comes from Katharine Hamnett, John Rocha, Nicole Farhi, Issey Miyake, Dries van Noten, Yohji Yamamoto, Dolce e Gabbana, Byblos, Cerruti, or Giorgio Armani: status dressing is out. Contemporary man is sufficiently socially at ease to turn to those who toil in the paddy fields for sartorial inspiration instead of wearing his wealth on his sleeve.

Relaxed clothes with rural and ethnic workwear connotations send out the signal that modern man is ecologically sound and aware of the world as a global village. He is a free spirit, unharnessed from the stiff formality of boxy tailoring.

That is the theory, anyway. Whether many men adopt the look in reality, is another story. It could be as short-lived as grunge was. Unless men work in the more Bohemian side of the media or the applied arts, they usually still need to wear a conventional suit, shirt and tie for the office.

It is also debatable whether many men are prepared to spend designer label prices for clothes that can only be worn on summer holidays or at weekends.

Deliberately creased linen may eliminate the need for regular ironing but this bonus is countered by cleaning chores as cream and beige will show every stain. And such overtly summery clothes could look foolish in torrential rain.

On the other hand, most of the individual items of clothing are, in fact, thoroughly wearable when taken out of the context of the catwalk, where they have been excessively styled to make a bold statement.

For instance, with a cricket sweater, baggy cream trousers would look more Brideshead Revisited than Krishna convert – a commercial, though less imaginative look. The clothes are also incredibly comfortable due to their fluidity and relaxed appearance. And one size fits virtually everyone.

The mainstream clothing industry seems convinced the linen look will have mass appeal as high street stores from Marks and Spencer to Reiss, the menswear chain, have taken their cue from the international catwalks.

Even Hackett, the gentleman's outfitter, has nodded its Sloaney Panama hat to linen with the introduction, for the first time, of unstructured, unlined jackets; albeit more parish priest than Buddhist convert.

In fact, enormous worldwide retail demand for linen has caused severe supply problems. Flax production has an inflexible lead time – a year from the farmer's decision to sow the crop to spinning stage. A sudden boom can diminish stocks which then take a year to replenish.

John Rocha, British Designer of the Year, says: "We have had great difficulty ordering all the linen we need due to the shortage. Prices have also shot up and we have had to cover the costs ourselves rather than pass it on to the consumer."

However, the over-saturation of linen could lead consumers to tire of it quickly, especially as so many designers seem reluctant to corrupt its naturalness with coloured dyes or treatments to eradicate creases. Wary of this danger, most designers are offering alternatives, alongside the main cream, linen story.

Jasper Conran, Paul Smith and Comme des Garçons, for instance, are offering the antithesis of the unstructured look with a return to figure-hugging tailoring, reminiscent of the sharp-suited mods of the 60s. Rei Kawakubo of Comme de Garçons takes tailoring to an extreme with high-buttoned, narrow-lapel jackets – as stiff and flat as cardboard cut-outs – paired with slim permanent-press, school uniform-style trousers, cropped at the ankle for the "cool to be square" look.

Paul Smith revives skinhead fashions by making accessories of slim-legged, ankle-length trousers with tight T-shirts, braces and bovver boots or brothel creepers. Jasper Conran makes references to Carnaby Street mods with a collection of lightweight, dapper, three-button or four-button suits. Jigsaw presents knitted collared T-shirts with 60s go-fast stripe patterns.

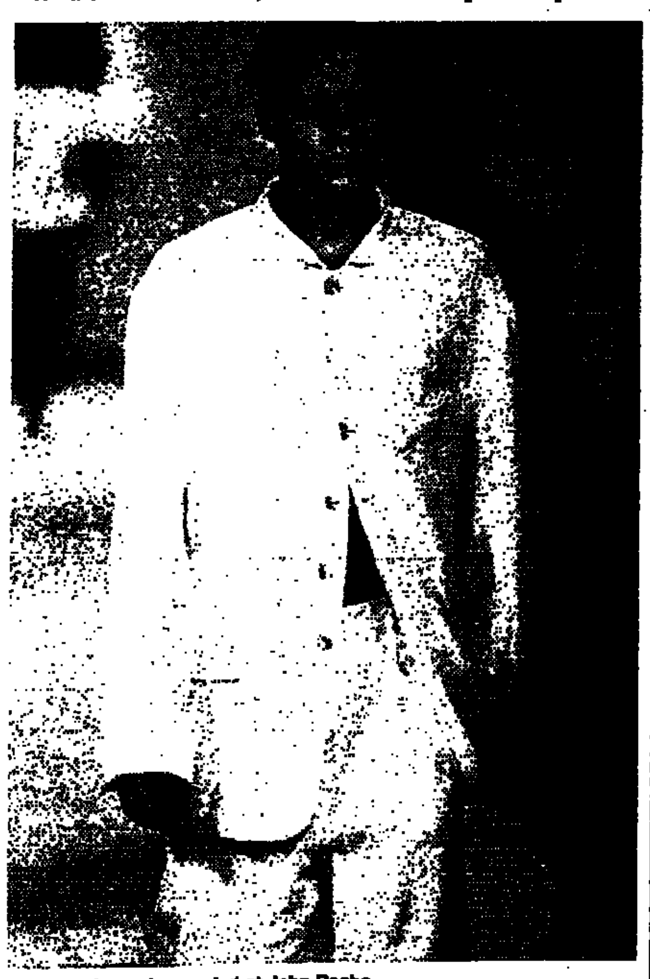
Just as the conservative-dressing mods of the 60s co-existed with dishevelled hippies, so the 90s equivalents complement each other today.

The world will always be full of men who strike a balance between a desire to be fashionable and a need to be moderate in their dress. This summer, London department stores such as Harrods, Harvey Nichols and Liberty are, therefore, offering the unstructured, the tailored, and the clothes that fall between the two extremes. Liberty, for example, is offering tailored suits under its own label in sober navy and grey, priced £295. They happen to be in slightly creased linen. That is true compromise.

■ *Richard Rawlinson is news editor of Fashion Weekly*

Long and the short of it from Dolce e Gabbana

High street naturals from Reiss



Bright, white and crumpled at John Rocha

A LOOK AHEAD TO AUTUMN

Loyalty to the label that reflects you





Left to right: Short and sweet dress at Chloé; Montana's grand velvet dressing-gown coat; Gaultier's Mongolian maid in fur-trimmed brocade; a bad girl at Valentino; and a good girl at Valentino

*The autumn season is likely to be diverse but underlying themes still emerge, says **Avril Groom***

For the fashionably correct the label as status has been replaced by the label as statement. In typical 1990s mode, the designers you pick next autumn will reveal less about your bank balance than your personality.

This season the new trends are fudged, so the creators of fashion have produced collections that concentrate, often in extreme form, on their individual beliefs as designers.

Your loyalty will be to the label that best reflects your own fashion ideals. If you love Comme des Garçons' cerebral folding, you may well despise Versace's raunchy brashness. If you enjoy Lacroix's flamboyant fabric mixes, Armani's cool minimalism may do nothing for you.

Even in such a diverse season underlying themes emerge, however hidden by the designers' handwriting.

The spring collections' juvenilia proved to be the shock troops in a general movement towards a light femininity younger in spirit than in reality.

For autumn skirts are indeed short, hems flippy and waists high. But these components can as easily make clothes for women as for girls.

Tailoring, meanwhile, takes a tomboy turn, with long, slender drape jackets and skinny trousers worn coltishly with high heels.

Bulkier clothes return, but always with a light touch. This started as fuzzy little mohair sweaters warming up spring chiffon layers; for autumn it blossoms into anything from risible shaggy gorilla-suit fake fur to wearable soft sheepskin.

It is then a short step in designer minds to padding in all its forms – Winter Olympics ski jackets, quilted dressing gowns, kimonos and Tibetan wrap coats.

Vivienne Westwood's bustles may have been overstating the obvious but it seems, thankfully, as if next winter it will be *cherchez la femme* rather than *la petite fille*.

Paris Pointers


Shows are held the world over but Paris always seems to produce the best, the worst and the most extreme.

Prettiest collection: Valentino – youthful, charming but womanly. One of the few older-generation designers with the right, light touch for now.

Ugliest collection: Lagerfeld – swathes of harshly colour-mixed stretch nylon body-dresses do nothing to enhance wearable, well-cut jackets and coats.

Most overworked collection: anything being filmed for Robert Altman's forthcoming frock-horror film, notably Lacroix, Rykiel and Dior. Over-elaborate clothes essential to prise attention away from the antics of the cast who look less like fashion people than film stars.

Wittiest collection: a toss-up between Westwood, with her fur bikini and derrière-concealing tartan "curtain", and Issey Miyake's serious pleats worn with hats made out of pasta, lampshades, dustbins etc.

Most influential collection: John Galliano's 18 outfits mixed Japanese style with 1950s couture that could be the new direction designers are waiting for.

Must-have accessory: the mineral-water holder made from Chanel gilt-chain and leather straps, a fine example of old-style Lagerfeld wit.

Silliest accessory: a Chanel handbag in foot-long pastel fake fur, an example of new-style Lagerfeld desperation.

Main themes for autumn

■ **GIRLS:** Short and sweet but no longer waiflike, there are womanly curves under the naive fluted shapes. Good girls, bad girls, teddy girls.

■ **DRESSES:** The logical extension of summer's slip dresses, the autumn version has a high waist, a short skirt and is in soft velvet or knit.

■ **SHEEPSKIN:** The acceptable face of fur to all but the purists – and more aesthetically pleasing than manic day-glo shagpile, this season's choice fake.

■ **DRESSING GOWNS:** The long wrap-and-tie coat hove into view last winter. Now it comes richly adorned in velvet, brocade or quilting.

■ **KIMONOS:** Aiming to reverse recession-hit Japanese sales and mindful of China as the next great market, designers are in love with Far Eastern shapes, often used ingeniously.

■ **SPORTSWEAR:** From puffy ski jackets and minuscule skating skirts to runners' go-faster stripes, this sports gear is for those whose fashion sense is better-honed than their bodies.

■ **HANKY POINTS:** For those unwilling to commit themselves totally to short skirts but unsure of the modishness of long, the ultimate bet-hedger. A nod to the new length from the long-preferring avant-garde.

■ **SOFT KNITS:** The fuzzy outlines of angora, mohair or looped wool and cropped, shrunken shapes take knitting to the opposite pole from the rugged camouflage which the word "sweater" often suggests.

Pictures by Niall McInerney

Chanel's street skier

Young designers favour the daring baby doll dress, writes ***Brenda Polan***

Newcomers go for ease and simplicity

Clements Rubeiro with their white cotton picque shirt, £145, and matchings shorts, £85, from Space NK, Covent Garden, London WC2. Leather Birkenstock sandals from the Natural Shoe Store, King's Road, London SW6 and Covent Garden, WC2.

Fashion may have been confusing recently but there's no denying its vitality. And without vitality, quality fashion simply is not fashion. It is just a uniform. And while that can be interesting in its own way, ultimately it makes us jaded, restless, edgy with the need for change.

The early 1990s found fashion concreted into uniform; grunge shattered it; and out of the rubble something new will be built. Exactly what is still in doubt.

There are, however. plenty of suggestions. *That* is what all the fuss was about this month at the Paris collections: a *wealth of competing ideas*, a dazzling display of exciting new directions. Some will prove to be cul-de-sacs but some will be the first steps on fashion's new route.

Some of the freshest ideas are coming from the stalwarts of the old guard, such as Issey Miyake, Karl Lagerfeld, Vivienne Westwood, Jean-Paul Gaultier, Valentino, John Galliano, Rei Kawakubo and Ann Demeulemeester.

But there is also a new generation of designers which, probably because the fashion establishment is in a period of joyous experiment, are managing to have their ideas taken into account as well. From their ambitious, idealistic ranks, three designers and one design partnership stand out.

They all have essentially different styles, different points of view and different customers in their sights but they are remarkably united in believing that ease and simplicity are the keynotes for clothes this spring. (But watch out for something entirely different next autumn.)

Ease and simplicity can be done many ways: from Paul Frith's deliberately understated sophistication, through Maria Grachvogel's high glamour and Lisa Johnson's playfully coy camp to Clements Ribeiro's sporty gamine.

Asked to select one outfit to sum up *this* fashion moment, none of them hesitated. "The baby doll dress," says Paul Frith, "because it is very short, very feminine, sexy, young and very daring. It is a bit floaty so there's a sort of innocence about it; that's the best sort of sexy dress. It provokes the imagination, gets the mind working. The strappy effect is important; I love the natural shoulder line, the fragility and vulnerability of the curves and hollows made by the bones."

Like most of this new generation of designers, Frith looks upon the clean, youthful simplicity which is the mood for spring as a kind of psychic clearing of the decks for action. It deliberately rejects the overly structured, body-hugging styles which held sway throughout the late-1980s and into this decade.

There was a jaded knowingness to those clothes which looks quite distasteful now. It is also a decisive move away from "*deconstruction*" and *the* grunge look which so disconcerted women over 25. It is likely, however, given the undeniably juvenile quality of this spring's definitive looks, that they will remain disconcerted. In some cases, they *should be*.

Of her pink baby doll dress, Lisa Johnson says: "It's fun, not serious and sophisticated. I think things got overly complicated in the last few years. There's a sense of relief at the simplicity of wearing just one garment. This collection is very light and breezy. Call it breezy classicism."

And although she is certain that the mini version is breeziest of all, Lisa also makes her simple dresses in long versions. These should hold few terrors for those old enough to buy a drink. "You can wear a T-shirt or a shirt underneath," she says. "It ties round the bust but nowhere else so it is quite flattering and very comfortable."

Maria Grachvogel, a self-taught designer who invented the *complicated but* cunning construction of her body-enhancing slip-dress 10 years ago when she was 14, says of it: "It's simple and glamorous. What else should clothes be? It's a dress which grows with you; it moulds itself to your shape and it's kind to women of all sizes."

She is hardly alone in her delight in the unadorned minimalism of the slip dress. From designers such as Giorgio Armani and Calvin Klein down, the whole fashion industry is in love with it.

At smart parties in Milan, New York and London the most stylish women in their slivers of silk or satin are making the rest look over-dressed and middle-aged. Some are wearing just one fluttering Klein slip, others layer two in contrasting colours, others layer theirs over a silk T-shirt or organza blouse. Whichever way it is worn, it looks modern and effortless.

"It is," says Suzanne Clements, partner with her husband, Inacio Ribeiro, in Clem*ents Ribeiro*, "a matter of attitude, not age. I think everyone desires some freshness and some subtlety in clothes now."

Sleek, uncluttered, spare; that is the mood for summer. "Clean-looking," says Inacio. "Innocent," says Frith. "Time*less*," says Grachvogel. "Uncomplicated," says Johnson. Almost, one could add, puritanical in its insistence on the simplest of shapes and the absence of accessories.

But not humourless: the young and lean of leg can wear the baby doll dresses with Minnie Mouse heels and socks (Lisa's have a row of baby-bonnet pink bows down the back) and the short shorts with clumpy Alpine-meadow-mowing Birkenstock sandals.

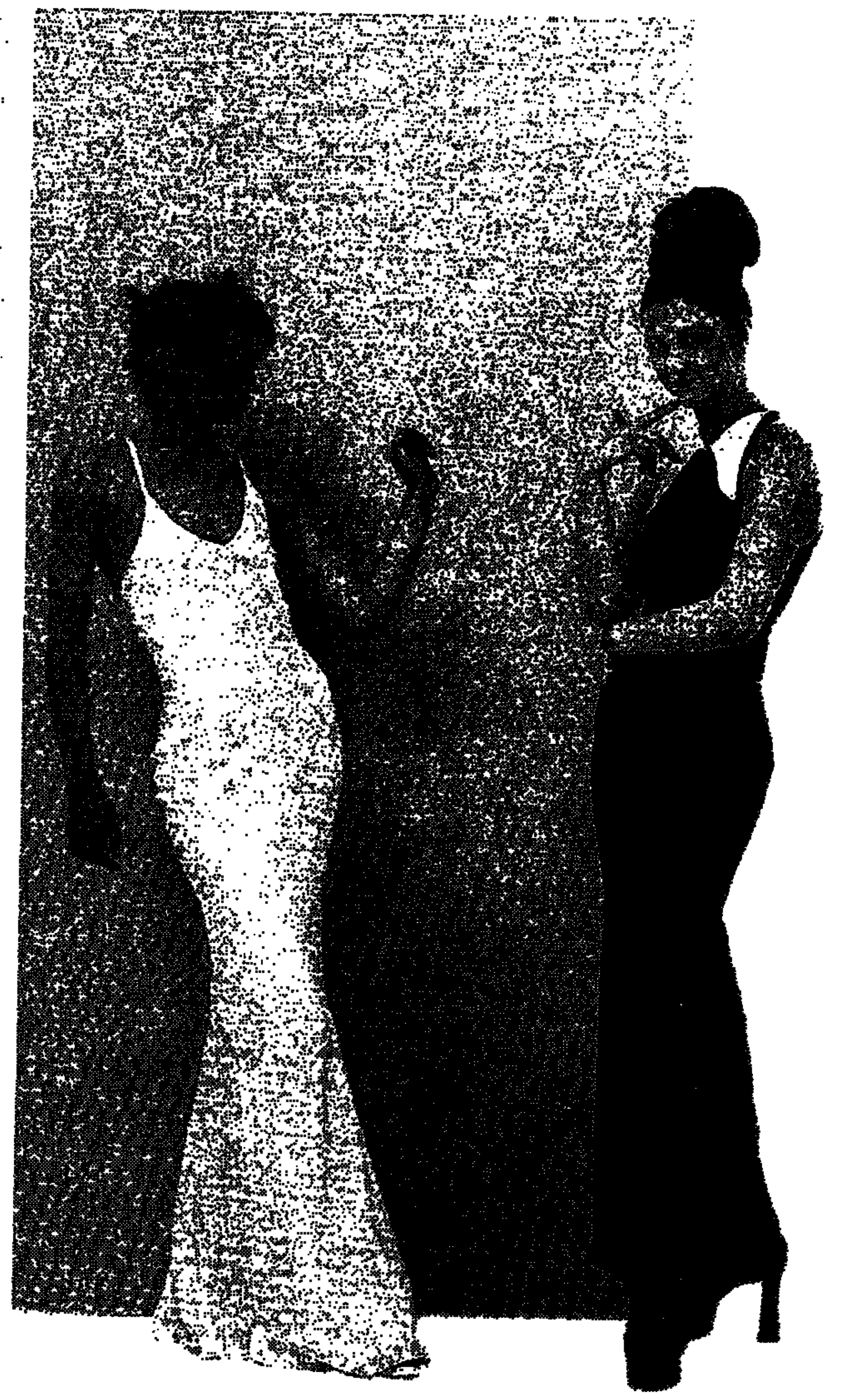
If fashion is taking a breather from the obvious and complicated, it is just keeping its powder dry for an autumn of richness, sensuousness and complication.

Who says so? Frith: "Very *dark, lush*, layered, contrasting lengths." Grachvogel: "Aphrodite at the witching hour, baroque glamour." Clements and Ribeiro: "Narnia, shades of monochrome, sparkly fabrics, bright colours, little bonnets and fluffy muffs." And Johnson: "Cutesy, cutesy, very pretty, lots of detail, very long and very short, lambskin, velvet, fluffy things and silver *metallic*, vents and tucks *and* furry crowns."

Furry crowns? Fluffy muffs? For this summer of simplicity, may we be truly gateful.

Pictures by Clive Warwick
Hair by Colin Gold
Make-up by Karen Miller

Lisa Johnson, left, with her pink wool crêpe mini dress, right. £89, from Liberty, Regent Street, London W1; ?air [sic], Covent Garden, London WC2; Space NH, Covent Garden, London WC2. White socks with pink bows by KanKan from Selfridges, Oxford Street, London W1. Silver Shoes by Lisa Johnson, £105, from ?air and to order from Ichi Ni Son, Glasgow.



Maria Grachvogel, right, with her ivory silk satin slip dress, left. £499 from Lucienne Phillips, Knightsbridge, London SW1; Chelsea Collections, 90 Fulham Road, London SW3; June Davidson, Edinburgh; Judy Graham, Cheltenham; Clairemont, Harrogate.
Shoes by Karen Stokes for Maria Grachvogel, £145 to order, tel: 071-351 0522

Paul Frith with his ivory silk crêpe baby doll dress, £450, to order from Paul Frith's studio (tel: 081-748 6657). Beige linen shoes by Jimmy Choo.

THIS SPRING'S WINNERS

How to avoid being a fashion victim

***Avril Groom** chooses four catwalk themes that are wearable and that will not look out of place in the average wardrobe*

If you are a late and disorganised shopper, relax. The next time a smug assistant tells you that the best styles have already sold out, have pity for the early birds who bought them. They will have perused the trend reports and made their decisions on immediate reactions to the clutter of ideas thrown up by the catwalk shows.

You, by contrast, can sit back and see which ideas work in real life. These are not necessarily the ones which cause the initial fuss. Choose from the ideas that really sell and you will stay the right side of the fine line that divides the fashionably smart from the fashion victim.

Only some ideas cross the divide between catwalk and closet. Each season only a few themes influence the market and it can take the more conservative outlets a year to join the bandwagon.

Here are this spring's winners, the four looks that update the wardrobe without taking it to extremes, and which are wearable enough for the commercial version to be very close to the catwalk one.

Fashion has rarely been so pared-down, simple and uncompromisingly modern. Corresponding to this lack of detail, cut has never been so important. At whichever price level you look, shape and fabric are overriding priorities.

■ **THE SOFT SUIT**
If you own a jacket with shoulderpads get them removed. Designers showed the soft jacket with the short A-line skirt but it works equally well with wide trousers or a long bias-cut skirt. With a short skirt, a long jacket gives a graceful, flared silhouette; a short jacket cuts the outline in half. Look for silk, floppy viscose, double chiffon, mixes with linen that maximise softness and minimise creasing.

■ **THE SLIP DRESS**
A cheap slip dress risks looking like the nightie that some of them are. So choose one with a structured bodice and, if in the lightest fabric, double layers. Designers showed these tiny dresses one over the other, or over a plain white vest. Come summer, it stands alone as a fetching evening or sundress. Avoid grunge or schoolgirl caricatures.

■ **NEUTRAL LAYERS**
The look which Giorgio Armani has been promoting for years finally takes off. This casual style is a new take on deconstructionism, in soft but coarse-woven beige, cream or white, mixing textures, stripes and checks. The ethnic mood means anything goes on lengths – tunics, jackets and waistcoats hang one below the other, over baggy trousers or long sarong skirts. Jewellery – big and ethnic this summer – will look right with these styles.

■ **METALLICS**
Space Age silver, which made catwalk headlines, has been embraced by the young and can work, in small doses, for anyone. It provides a touch of the unexpected – a counterpoint to tweed or pinstripe or, à la Chanel, shrouded under chiffon. In the more obvious context of evening wear, metallics work best as simple shapes and soft fabrics – pale gold or dulled silver chiffon, organza or satin.

NEUTRAL LAYERS

■ **Above:** Cream embroidered linen-mix waistcoat, £25 (available from April); tan, beige and cream viscose trousers, £25, both from Marks and Spencer. Beige crinkled silk shirt by Fenn Wright and Manson, £50 from Fenwick; Space NK, Earlham Street, London WC2; and Fripperies of West Malling, Kent. Cotton scarf, £4.99 from Top Shop. Brown suede sandals by DKNY, £85.50 from Russell and Bromley.

■ **Right:** the Armani catwalk version

METALLICS

■ **Above:** Gunmetal stretch satin top, £29.99 from Warehouse. Silver Lycra body, £39.99 from Fenwick. Silver Lurex knit skirt, £65 from Joseph of London (Sloane Street, SW1, Fulham Road, SW3 and Brook Street, W1). Silver tights by Wolford, £13.99 from Fenwick. Silver shoes, £34.99 from Shelly's.

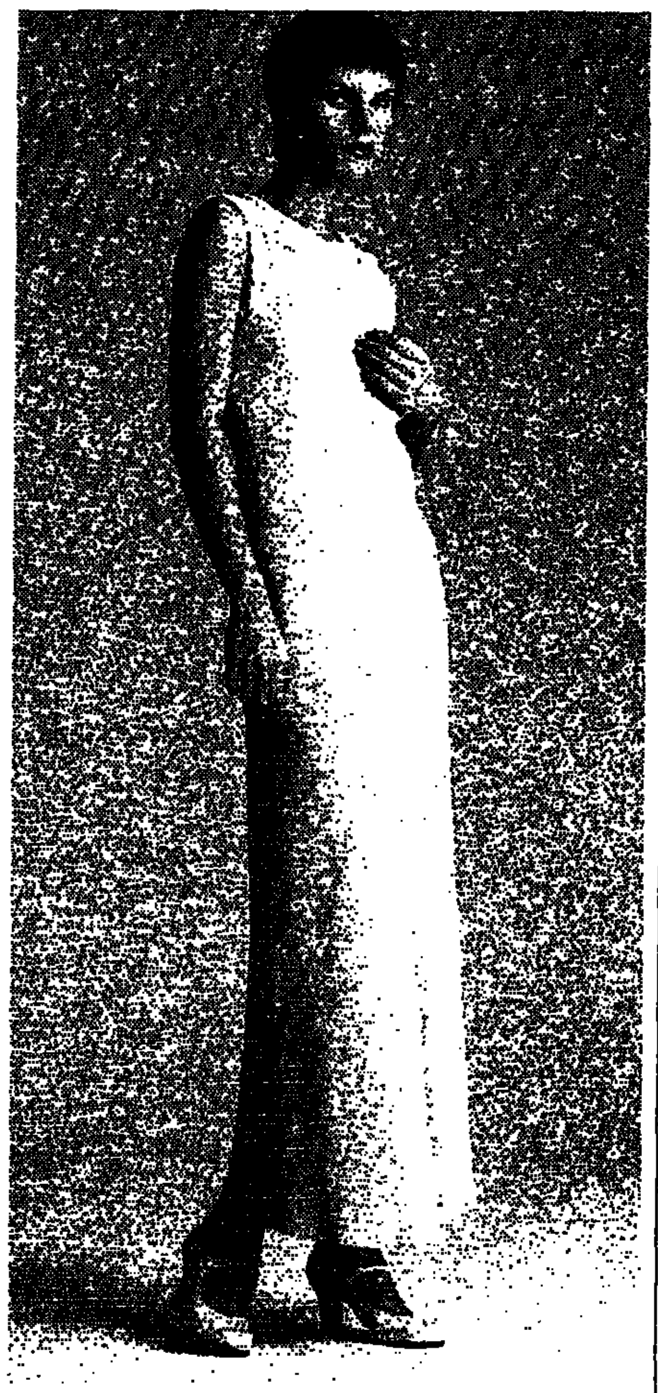
■ **Left:** Claude Montana's catwalk version

Main pictures by John Swannell
Catwalk pictures by Niall McInerney
Hair and make-up by Wendy Sadd

THE SOFT SUIT

■ **Above:** Cream unlined viscose/acetate jacket, £295, and palest blue and pink silk chiffon skirt, £250 – both from Emporio Armani. Lace and Lycra top, £18.99 from Oasis. Sheer tights by Aristoc, £2.99.

■ **Left:** The Chanel catwalk version



THE SLIP DRESS

■ **Left:** Oyster silk crêpe crossback dress by Ben de Lisi, £375. From Fenwick, New Bond Street, London W1; Harvey Nichols, Knightsbridge, London SW1; and Pollyanna of Barnsley. Cream cotton/nylon lace-front vest, £10 from Marks and Spencer. Beige suede shoes, £39.99 from Ravel.

■ **Above:** Norma Kamali's catwalk version

THE DESIGNERS' WARDROBES

Paid-up members of the black-pack

Lucia van der Post runs her eye over the fashion designers

Nothing about the world of haute couture – or even its humbler relation, ready-to-wear – is amenable to the rational laws that govern so much else. This, of course, is part of its charm. Take the designers. There they are building businesses – and sometimes lucrative global empires – in which success depends on persuading people that they need new clothes. Their very existence depends on change, on imbuing dress with excitement and innovation, with generating an imperative to embrace the new and the different.

What then, might the novice observer of the scene ask, do *they* wear? Are they founts of originality, of quirky creativity, of visual excitement?

The answer is that they are the most conservative dressers around. Mostly they evolve a personal style early in their creative lives and stick with it. Show me a plain cashmere jumper, a simple T-shirt, an ancient bomber-jacket or an old pair of jeans and in it probably lurks a designer even now persuading some fashion victim in a far-flung city to part with more money than most of us would consider wise.

Designers, like fashion editors (their judges and jury), have a strong penchant for black and there is a perverse pride in not being caught in anything new.

Even snappier dressers, those who go in for a little colour, such as Christian Lacroix and Gianni Versace, tend to be seen endlessly in the same garment.

Of all the black-pack members Rei Kawakubo of Comme des Garçons, is probably the most stalwart member. She has been known to change her seemingly endless succession of black shrouds for a crisp white shirt (worn with – you've guessed it – black trousers) but only on rare occasions.

Most women designers, for obvious reasons, work more or less with their own image in mind. Sonia Rykiel, lean as a whippet and given to wearing wide, floaty-legged trousers teamed with skimpy little jumpers, is a paid-up member of the black-pack who makes clothes for other whippets. When she comes out on the runway what you see first is the cloud of red-hair but then you notice the shades of black relieved only by a belt with words such as Love, Paris or, for the slow-witted, Rykiel.


Jean Muir: famous for navy

Caroline Charles, who understands perfectly the clothes that should adorn the English social season, is hardly ever seen in the colours that complement her customers' complexions so well. From the top of her chic little black head to the bottom of her impeccably-cut, long, narrow, cigarette trousers, it is usually black all the way.

While Donna Karan seems to require inordinate amounts of black, Jean Muir is famous for never wearing anything but navy. "It simplifies the matter of dressing and packing," she says. This is perfectly true and a good motto for those whose aim and object is the simplification of dressing and packing.

Katharine Hamnett, in her army fatigue trousers and a T-shirt that looks as if it has seen better days, manages to make many of us feel over-dressed, while Betty Jackson wears her own clothes with so much panache that, as one fashion editor put it, "when you see them, you want them".


Left: Rifat Ozbek – a headscarf is his signature. Right: Gianni Versace – likes a little colour.

For those who think the matter of clothes should be invested with a whiff of danger, a sense of potential disaster, Vivienne Westwood is the designer to watch. She wears her own designs and these vary from improbably neat twinsets and pearls, which could have come straight from the stodgiest of stores, to a transparent figure-hugging body sheath (and who among those of us who saw it can forget that embarrassing matter of the fig-leaf?).

When it comes to men, the garments most frequently seen after the catwalk show ends are jeans and T-shirts. Even Gianni Versace, king of Glitz, at the party he gave for the opening of his Bond street shop, turned up in a pair of jeans, although in honour of the event he teamed it with a brightly-patterned silk shirt.

After his shows Claude Montana wears the same old beaten-up leather jacket (much akin to a biker's jacket) and tight jeans. Karl Lagerfeld, of course, wears a pony-tail and with it a sharply-cut and expensive suit, contrasting shirt and tie (white on black) which, in spite of its impeccable designer lineage, brings to mind nothing so much as Chicago gangster-style.

Jean-Paul Gaultier wears beaten-up old jeans, a T-shirt (often of matelot stripes), some sort of leather blouson jacket (biker imagery is strong among the frock-designing set) and brilliantly dyed blond hair.

Yves Saint-Laurent these days requires careful tailoring to hide a less-than-lean silhouette. When his fragile health allows him to make it on to the runway he normally wears a good grey suit, shirt and tie – classic and flattering.

For those who value eccentricity above classicism John Galliano is the designer to watch. He is addicted to gruesome little shorts which he teams with some sort of T-shirt and a jacket with some historical provenance, say a 19th century hussar's jacket worn casually slung over the shoulder. The whole is frequently topped by some bizarre head-gear – Russian fur hats are a favourite.

The one almost inviolate rule that unites them all is that whatever a designer wears it must on no account be new. Issey Miyake in his jeans and his indigo cotton shirt, Giorgio Armani, in jeans and white cotton T-shirt in summer, navy-blue cashmere in winter, Calvin Klein in his laid-back tweed suit and white cotton T-shirt – the message they convey is loud and clear. If in doubt dress down. Invest in quality classics about which you never need to think and then you can get on with the more important things of life – such as living. Perhaps there is a lesson in there somewhere.

Pictures by Niall McInerney


Karl Lagerfeld: a pony tail and expensive suit


Giorgio Armani: likes jeans and T-shirts in summer